Trade-up Merchandising Is Applied to Hard Lines

Follows Chains' Successful Upscaling of Apparel

Trade-up merchandising continued to dominate the discount scene as the success of upgraded apparel presentations (and rising operating costs) prompted discounters to apply that technique in their hard lines departments as well.

This search for ways to get better mileage out of store space also spurred an increased use of cubing. Discounters raised gondola heights in order to fit the same amount of merchandise into newer scaled-down stores, or to accommodate additional goods in existing units.

K mart will experiment with a trade-up hard line presentation in eight Indianapolis stores, where a new race-track aisle layout will generate refixturing and a "modest trade-up of goods" in hard line departments, according to Bernard Fauber, chairman and ceo.

This hard line test comes in the wake of K mart's experiments with an upscaled apparel presentation in selected New Jersey stores, as well as in units in Fayetteville, Ark., and Atlanta.

T.G. & Y. is another chain planning a large-scale upgrading of its hard line approach. The chain's combined camera and consumer electronics department and cosmetics displays are being upscaled in new stores, and management hopes to add the new look to existing stores by mid-1981.

"It's like shining the toe of the shoe," said Andrew Collins, division vp, merchandising. "We plan to extend the upscaling over the entire store in the future, but for now we're working on the departments that customers see when they first enter the store."

T.G. & Y.'s camera and electronics merchandise will be highlighted with a carpeted background and segmented with smoked glass dividers. Installation costs of the display in existing stores will total $500,000, according to Collins.

In cosmetics, remerchandising will introduce a black-and-white, mirrored display module in the store. Coinciding with the refixturing, the product mix will be expanded 60% to include more of the higher-priced prestige cosmetics.

Caldor took its cue from a successful move to upgrade its apparel section, and extended that concept to its housewares department this year. Ceramic brick floor tile and natural wood display units have been added to give the stores a "Bloomingdale's" look.

Already upscale Jefferson Stores got a facelift when the chain made its entry in the Philadelphia market. A loop layout, wide-scale use of focus walls and the inclusion of suspended fixtures were major features of the new layout, that focused on the chains' hard line departments.

S. E. Nichols officials intend

(Continued on page 35)

QUALITY SOUND

T.G. & Y. is refashioning the look of its combined consumer electronics and photo section from a stark mass display to one that spotlights items on a carpeted backdrop. *(DSN photo)*

Acquisition Fever: Over 150 Stores Changing Hands

Jefferson Ward

Acquisition fever continued to rage through the discount industry with the ownership of more than 150 stores—in three major deals—expected to change hands before the year is out.

A fourth "deal," and one that will take a little longer (through 1983), will see 114 Montgomery Ward stores converted to the discount Jefferson/Ward prototype. This year, the chain contented itself with opening eight of 23 Philadelphia-market stores acquired last year.

Two other takeovers currently being negotiated are Target's bid for 41-unit Ayr-Way and King's Department Stores' plan to take over the 60-plus-unit Barkers chain, and its sister operation, Franklin Stores. Both chains are owned by Cornwall Equities, which has a controlling interest in King's.

Another major takeover, completed earlier this year, marked the transfer of ownership of 61 Pay Less units from Pay Less (Calif.), Oakland, to Pay Less Northwest, Beaverton, Ore.

For Target, the Ayr-Way takeover would be the next major step in an ambitious expansion plan which parent company Dayton Hudson plans to bankroll with nearly $1 billion over the next five years.

The takeover, which is expected to be an easy one, given the merchandising similarities between the two operations, will strengthen Target's position across Middle America and add Indianapolis (Ayr-Way's hometown) to the towns the chain dominates.

For King's, the Barkers takeover will give the Massachusetts-based chain entry into the Sunbelt with 11 stores in Louisiana and Texas. (Sixteen Barkers stores in Puerto Rico and the Virgin Islands, while part of the takeover deal, will retain the Barkers name.)

While some industry observers were skeptical about the value of the takeover—particularly to the King's shareholders—because of Barkers' mediocre performance over the past several years—King's officials said the Sunbelt opportunities and the specialty apparel side of the Franklin Stores business made the deal particularly sweet.

Projected Barkers sales for the current fiscal year would add approximately $300 million to King's annual sales.

The Pay Less (Calif.) acquisition represents a significant expansion for Oregon-based Pay Less Northwest, whose 91 stores generated $12.4 million in profits in its latest fiscal year.

The acquisition gives the chain 151 stores that stretch from Hawaii and central California into Washington state. (Pay Less is negotiating with a Japanese firm for the acquisition of its Hawaii stores.)

(Continued on page 32)

The Key Is 'Doing Your Own Thing'

Smaller Regionals Buck Biggies

Smaller regional and local discounters—those with under $100 million in volume and with two dozen or fewer stores—are, on the whole, continuing to record sales gains and add units despite the economy and stepped-up competition from such major chains as K mart, Target and T.G. & Y.

The key to success, top executives with a number of smaller discounters said, is doing your own thing, not just imitating the big discounters.

The 42 discounters that meet both qualifications include chains that project sales gains ranging to as much as 33% (Grandpa Pidgeon's) and are increasing the number of their stores up to 35% (Maloney's).

(A 43rd discounter that has sales of under $100 million is Bargain Town, which will have 41 stores in Alabama at the end of the year that average 20,000 sq. ft. in size. The small size accounts for the chain only generating $32 million in volume or about $750,000 per store.)

Doing your own thing, a Singleton executive said, starts with being close to your stores so you can closely monitor what's happening.

"We are close to our [10] stores," the executive said, "so that top management can be in each unit once a week for better control. We can get on a problem at once and make a decision quickly, while a manager with a national chain has to go up the

(Continued on page 32)

The Census Counted on These Chains

Stores included in the statistical section of the census all meet DSN's definition of a discount department store; that is, they each have at least 10,000 sq. ft., both hard and soft goods departments, and an expense structure below that of a conventional department store.

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The Top 100: Sales and Store-Count Projections

		Estimated Volume (in millions)				No. Discount Department Stores				Total Discount Store Square Footage (add 000)			
Rank	Chain (HQ state in parenthesis)	Proj. General Merchandise $ Current Fiscal Yr. (Including Leased Depts.)[a]	General Merchandise $ Previous Fiscal Yr. (Including Leased Depts.)[a]	Proj. General Merchandise $ Current Fiscal Yr. (Company-Operated Depts. Only)[a]	Net Earnings in millions Previous Fiscal Yr.	Jan. 1, 1980	June 1, 1980	Dec. 31, 1980	To Be Added, 1981	Jan. 1, 1980	June 1, 1980	Dec. 31, 1980	To Be Added, 1981
1	**K mart (Mich.)**	14,859	12,822	14,200	354.5	1,688	1,728	1,888	200	99,100	103,680	113,280	12,000
2	**Woolco (N.Y.)**	3,205	2,855	3,010	122.0	416	426	454	30	34,020	34,840	36,500	2,550
3	**T.G. & Y. (Okla.)**	1,877	1,497	1,497	—	935[b]	911	925	51	22,765	23,103	23,882	2,700
4	**Wal-Mart (Ark.)**	1,600	1,200	1,600	41.2	276	291	326	58	12,600	13,600	15,100	2,600
5	**Target (Minn.)**	1,400[c]	1,100	1,100	—	80	86	97	17	8,197	8,797	9,800	1,600
6	Zayre (Mass.)	1,375	1,327	1,334	17.1	254	245	247	10	18,771	17,712	17,890	750
7	Gemco/Memco (Calif.)	1,100	1,020	979	—	76	78	83	8	8,429	8,649	9,200	880
8	Fred Meyer (Ore.)	958	840	958	48.2	63	64	67	3	5,400	5,520	5,900	480
9	Gibson (Tex.)	956	1,180	956	—	366	350	355	12	13,273	13,000	13,270	480
10	Pay Less (Ore.)	750[d]	680	750	14.5	149	154	150	5	4,321	4,466	4,350	145
11	**Hills (Mass.)**	680	580	680	—	80	81	84	7	6,100	6,180	6,340	640
12	**Caldor (Conn.)**	660	563	660	19.7	56	59	62	7	4,890	5,145	5,400	595
13	**FedMart (Calif.)**	638	603	625	(11.1)	68	68	68	0	5,602	5,602	5,602	0
14	**King's (Mass.)**	595[e]	576	593	15.4	191	191	191	0	11,541	11,601	11,601	0
15	**Bradlees (Mass.)**	594	540	558	—	83	86	89	3	5,773	5,998	6,223	180
16	Venture (Mo.)	533	515	533	—	45	45	45	0	5,345	5,345	5,345	0
17	Alexander's (N.Y.)	550	505	534	—	15	15	16	0	3,755	3,755	3,855	0
18	Two Guys (N.J.)	540	630	510	—	60	49	49	0	6,335	5,255	5,255	0
19	Rose's (N.C.)	528	498	528	8.8	227	232	238	11	8,169	8,344	8,657	838
20	The Treasury (Calif.)	454	418	418	—	34	34	34	0	3,200	3,200	3,200	0
21	**Murphy's Mart (Pa.)**	428	393	428	—	99	102	106	4	4,575	4,710	4,890	507
22	**Meijer's (Mich.)**	415	400	837	—	25	26	29	2	4,057	4,157	4,457	200
23	**Gold Circle (Ohio)**	410	400	410	—	42	42	42	5	4,200	4,200	4,200	500
24	**Cook United (Ohio)**	359	354	348	5.9	80	82	84	4	5,624	5,797	5,922	280
25	**Korvettes (N.Y.)**	350	600	330	—	44	30	24	0	8,120	6,553	5,870	0
26	Zodys (Calif.)	340	305	255	—	37	37	41	5	2,940	2,940	3,220	360
27	Rink's (Ohio)	336	308	286	—	42	45	47	3	2,941	3,194	3,290	180
28	Pamida (Neb.)	315	333	315	—	192	194	190	0	3,712	3,710	3,700	0
29	Ames (Conn.)	351	322	313	—	100	103	104	0	4,800	4,890	4,920	0
30	Fedco (Calif.)	323	291	294	—	7	7	7	0	900	900	900	0
31	**Ayr-Way (Ind.)[f]**	315	289	315	2.7	41	41	41	0	3,438	3,438	3,438	0
32	**Big K (Tenn.)**	313	298	313	1.7	106	108	111	0	4,770	4,860	4,995	0
33	**Barkers (N.Y.)[g]**	310[c]	295	298	0.3	59	60	60	0	3,800	3,820	3,820	0
34	**ShopKo (Wis.)**	302	239	295	—	27	27	30	4	2,000	2,000	2,330	440
35	**Jamesway (N.J.)**	292	250	274	6.4	59	62	63	4	3,407	3,536	3,756	200
36	Times Square (N.Y.)	290	266	203	—	14	14	14	0	2,300	2,300	2,300	0
37	Howard Bros. (La.)	280	243	280	3.9	92	99	100	20	3,220	3,500	3,540	800
38	Jefferson/Ward (Fla.)	255	209	255	—	21	29	42	120[h]	2,625	3,625	5,250	10,000
39	S. E. Nichols (N.Y.)	240	217	230	3.5	42	43	43	2	3,900	4,000	4,000	200
40	Smitty's (Ariz.)	240	114	240	—	10	11	12	3	1,100	1,300	1,400	300
41	**Heck's (W. Va.)**	247	215	231	—	75	78	86	5	3,419	3,554	3,929	225
42	**Grand Central (Utah)**	228	204	228	3.3	32	32	33	2	2,083	2,083	2,150	160
43	**Richway (Ga.)**	221	203	208	—	18	19	21	0	1,757	1,847	2,007	0
44	**Fisher's Big Wheel (Pa.)**	196	170	175	—	57	58	65	11	2,400	2,450	2,750	475
45	**J. W. Mays (N.Y.)**	192	176	184	—	8	8	8	0	1,982	1,982	1,982	0
46	Twin Fair (N.Y.)	180	164	175	—	29	30	31	0	2,690	2,709	2,856	0
47	ALCO (Kan.)	166	159	166	3.8	65	72	73	13	1,970	2,160	2,188	364
48	Ann & Hope (R.I.)	153	140	153	—	4	4	4	0	800	800	800	0
49	Bi-Mart (Ore.)	150	130	150	—	23	24	24	3	690	720	720	90
50	Gaylords (N.J.)	145	137	130	0.3	36	36	36	2	2,000	2,000	2,000	100
51	**Hart's (Ohio)**	135	123	135	—	18	18	19	2	1,000	1,000	1,000	100
52	**Magic Mart (Ark.)**	128	109	106	—	46	47	47	50	1,300	1,500	1,500	53
53	**Clover (Pa.)**	125	114	109	—	13	13	14	1	1,216	1,216	1,304	88
54	**PrangeWay (Wis.)**	113	93	110	—	18	19	20	0	898	988	1,051	0
55	**Gee Bee (Pa.)**	111	99	90	2.6	15	16	18	1	1,070	1,160	1,310	70
56	Value City (Ohio)	105	96	105	—	17	17	17	1	1,700	1,700	1,700	100
57	Sky City (N.C.)	104	95	67	—	59	64	64	5	2,360	2,560	2,560	700
58	Danners (Ind.)	100	85	94	—	26	29	29	2	1,386	1,416	1,416	67
59	Swallen's (Ohio)	98	98	98	—	9	9	9	0	1,040	1,040	1,040	0
60	Rich's (Mass.)	87	80	82	—	12	12	12	1	740	740	740	60
61	**Lloyd's (N.Y.)**	85	83	70	0.7	3	3	3	0	283	283	283	0
62	**Modell's (N.Y.)**	85	83	11	—	6	6	6	0	750	750	750	0
63	**Mr. Wiggs (Ohio)**	78	75	80	—	20	20	15	2	1,130	1,130	875	100
64	**Tradeway (Ind.)**	*(i)	75	*	—	14	8	7	0	1,060	606	530	0
65	**Unishops (N.J.)**	75	71	65	—	10	10	10	0	1,145	1,145	1,145	0
66	David's (Kan.)	66	58	62	—	7	7	7	1	430	430	462	62
67	Community (Ill.)	60	55	55	(0.2)	11	10	10	1	906	826	826	140
68	Van Leunen's (Ohio)	55	50	45	—	5	5	5	1	380	380	380	75
69	Belscot (N.J.)	51	57	51	(0.6)	6	4	4	0	476	351	351	0
70	The Fair (Mass.)	50	45	44	—	5	5	6	1	470	470	535	65
71	**Treasure City (N.Y.)**	47	46	27	—	13	13	13	0	780	780	780	0
72	**Copps (Wis.)**	46	42	43	—	12	12	12	1	720	720	720	60
73	**Sage (Tex.)**	43	43	23	—	4	4	4	0	400	400	400	0
74	**Valley Fair (N.J.)**	42	35	0	—	2	2	2	0	310	310	310	0
75	**Apollo (N.Y.)**	41	40	20	—	10	10	10	1	556	556	556	40
76	Giant Way (Mich.)	41	38	39	—	14	14	14	0	560	560	560	0
77	Grandpa Pidgeon (Mo.)	40	30	40	—	5	5	5	0	315	315	315	0
78	The Andersons (Ohio)	39	36	39	1.3[j]	3	3	3	0	175	175	175	0
79	Laneco (Pa.)	38	34	27	1.7	13	13	13	1	1,200	1,200	1,200	100
80	Maloney's (Ky.)	38	29	38	—	14	16	19	5	320	350	400	75
81	**Click (Ohio)**	38	35	31	1.5	9	9	9	0	1,075	1,075	1,075	0
82	**Lee Shops (Mass.)**	36	33	30	—	9	9	9	0	480	480	480	0
83	**Matco (Mo.)**	36	31	36	—	15	15	15	0	360	360	360	0
84	**Bargaintown (Ala.)**	32	30	32	—	38	40	41	2	760	800	820	40
85	**J. A. Conley's (Ohio)**	30	29	30	—	13	13	12	2	370	370	320	40
86	Shopper's World (Tex.)	28	23	25	—	17	20	21	2	400	488	500	50
87	May's Family Cen. (Ind.)	28	36	23	—	16	12	12	0	1,280	960	960	0
88	Goldman's (Ohio)	27	28	27	—	12	10	10	0	775	665	665	0
89	Mars (Mass.)	25	21	22	0.3	7	7	7	0	415	415	415	0
90	Magic Mart (Va.)	23	20	23	—	8	9	9	1	280	310	310	40
91	**Singleton's (Va.)**	21	16	21	0.5	10	10	10	2	192	192	192	70
92	**Value Fair (Calif.)**	21	19	21	—	3	3	3	0	140	140	140	0
93	**Vegas Village (Nev.)**	20	18	18	—	2	2	2	0	334	334	334	0
94	**Globe (Mass.)**	17	16	9	—	7	7	7	0	220	220	220	0
95	**Union Hall (Ill.)**	17	15	16	—	2	2	2	1	150	150	150	70
96	VAL Corp. (Ind.)	17	17	17	0.9	17	17	17	2	303	303	303	24
97	Mailmans (Pa.)	16	15	7	—	3	3	3	0	300	300	300	0
98	Masters (N.Y.)	15	20	8	—	3	2	2	0	290	185	185	0
99	RDR Discount (N.Y.)	11	10	9	0.1	11	11	11	0	225	225	225	0
100	A-Mart (Va.)	11	10	11	0.4	6	6	6	0	126	126	126	0

[a] Some figures are DSN estimates, food sales not included.
[b] T.G. & Y. is converting many of its variety stores to Family Centers and Super Stores.
[c] Does not include sales projected for Ayr-Way for the current fiscal year of $315 million.
[d] Combined sales of Pay Less Northwest and Pay Less (Calif.)
[e] Does not include sales projected for Barkers for the current fiscal year of $310 million.
[f] Ayr-Way was being acquired by Target Stores at presstime.

[g] Barkers was being acquired by King's Dept. Stores at presstime.
[h] 120 Montgomery Ward stores will be converted to Jefferson/Wards over the next three years.
[i] Tradeway was in the middle of Chapter XI proceedings, at presstime, negotiating with creditors to avoid liquidation.
[j] Operating profit.

Southern States to Get 40% of New Stores

STATES	Proj. No. of Stores Dec. '80	No. of Stores Dec. '79	Proj. Square Footage Dec. '80 (Add 000)	Square Footage Dec. '79 (Add 000)	Density (Square Feet Per Person)	Projected Net Gain 1980		*Projected 1980 Discount Store Sales		**Full-line General Merchandise Store Sales (Add 000)	Per Cent of Full-line Gen. Mdse. Sales By Discount Stores (Excl. Supers)
						No. Stores	Footage (Add 000)	Including Supermarkets (Add 000)	General Merchandise Only (Add 000)		
Alabama	168	143	9,238	7,473	2.42	25	1,765	$ 1,023,293	$ 930,267	$ 1,757,515	52.9
Alaska	3	2	240	170	0.57	1	70	26,589	24,168	246,687	9.8
Arizona	84	77	6,334	5,840	2.54	7	494	701,617	637,834	1,220,003	52.3
Arkansas	181	153	8,035	6,058	3.62	28	1,977	890,037	809,125	942,111	85.9
California	496	476	38,537	37,125	1.68	20	1,412	4,268,743	3,880,676	12,461,778	31.1
Colorado	87	85	5,905	5,765	2.12	2	140	654,097	594,634	1,371,595	43.4
Connecticut	156	150	11,720	11,300	3.75	6	420	1,298,224	1,180,204	1,314,286	89.8
Delaware	25	23	1,891	1,751	3.22	2	140	209,466	190,424	356,573	53.4
DC	4	7	298	522	0.17	(−3)	(−224)	30,029	32,989	182,652	18.1
Florida	245	225	20,850	19,450	2.33	20	1,400	2,309,555	2,099,595	5,447,857	38.5
Georgia	153	138	13,579	12,529	2.63	15	1,050	1,504,146	1,367,405	2,592,543	52.7
Hawaii	21	20	1,085	1,015	1.18	1	70	120,186	109,260	762,528	14.3
Idaho	26	23	1,470	1,260	1.61	3	210	162,832	148,029	344,997	42.9
Illinois	344	335	24,929	24,299	2.21	9	630	2,761,385	2,510,350	5,981,594	41.9
Indiana	267	252	17,885	17,045	3.32	12	840	1,981,121	1,801,020	2,672,507	67.4
Iowa	124	117	7,520	7,030	2.57	7	490	832,990	757,264	1,372,844	55.2
Kansas	126	113	7,238	6,320	3.03	13	918	801,753	728,866	1,217,698	59.8
Kentucky	162	152	9,788	9,082	2.75	10	706	1,084,217	985,652	1,424,705	69.2
Louisiana	163	148	8,770	7,711	2.18	15	1,059	971,452	883,139	2,033,365	43.4
Maine	50	48	2,870	2,730	2.59	2	140	317,910	289,009	438,284	65.9
Maryland	110	106	8,450	8,170	2.02	4	280	936,007	850,915	2,406,284	28.3
Massachusetts	258	248	17,078	16,372	2.95	10	706	1,891,730	1,719,755	2,764,994	62.2
Michigan	241	230	20,292	19,515	2.20	11	777	2,247,745	2,043,404	5,654,667	36.1
Minnesota	130	121	8,252	7,622	2.03	9	630	914,074	830,976	2,296,388	36.2
Mississippi	113	98	5,330	4,321	2.19	15	1,009	590,404	536,731	974,348	55.1
Missouri	194	184	18,906	18,200	3.86	10	706	1,890,600	1,701,540	2,699,811	63.0
Montana	20	18	1,178	1,038	1.47	2	140	130,487	118,625	303,553	39.1
Nebraska	87	83	4,580	4,300	2.88	4	280	507,327	458,010	772,553	59.2
Nevada	33	32	2,450	2,380	3.46	1	70	271,387	246,715	460,405	53.6
New Hampshire	70	67	4,210	4,000	4.69	3	210	310,066	302,595	373,574	81.0
New Jersey	206	202	19,584	19,302	2.67	4	282	2,169,319	1,972,108	3,525,963	55.9
New Mexico	71	59	3,957	3,110	3.17	12	847	438,316	398,469	521,088	76.5
New York	442	431	36,973	36,196	2.08	11	777	4,095,499	3,725,769	7,904,489	22.2
North Carolina	179	156	12,033	10,400	2.12	23	1,633	1,332,895	1,211,723	2,343,359	51.7
North Dakota	31	30	1,457	1,386	2.18	1	71	161,391	146,719	255,160	57.5
Ohio	551	535	40,120	38,990	3.71	16	1,130	4,444,092	4,040,084	6,113,939	66.1
Oklahoma	137	125	7,597	6,750	2.56	12	847	841,519	765,017	1,298,691	58.9
Oregon	87	83	5,583	5,301	2.20	4	282	618,428	562,208	1,675,243	33.6
Pennsylvania	428	413	30,165	29,106	2.56	15	1,059	3,341,377	3,037,615	5,829,837	52.1
Rhode Island	38	35	3,222	3,010	3.45	3	212	289,980	264,880	345,412	76.7
South Carolina	106	88	6,681	5,410	2.25	18	1,271	740,054	672,766	1,205,541	55.8
South Dakota	31	30	1,179	1,108	1.68	1	71	130,597	118,725	233,727	50.8
Tennessee	172	155	9,912	8,712	2.24	17	1,200	1,097,952	998,138	2,095,005	47.6
Texas	507	472	34,971	32,500	2.60	35	2,471	2,873,737	3,521,579	7,637,529	46.1
Utah	37	34	2,451	2,240	1.80	3	212	271,497	246,815	701,244	35.2
Vermont	30	27	1,704	1,492	3.43	3	212	138,582	134,063	150,633	89.0
Virginia	186	174	13,747	12,900	2.61	12	847	1,522,755	1,384,322	2,643,160	52.4
Washington	80	77	6,001	5,789	1.53	3	212	644,730	604,300	1,879,463	32.2
West Virginia	112	108	6,522	6,240	3.46	4	282	722,441	656,765	892,561	73.5
Wisconsin	138	133	10,692	10,339	2.26	5	353	1,184,352	1,076,684	2,304,395	46.7
Wyoming	26	25	1,207	1,136	2.63	1	71	133,699	121,545	159,919	76.0

** DSN estimate based on projected store footage for calendar year.*

*** National total, which is a DSN estimate of discount, department and variety-general merchandise and mail order stores, is based on U.S. Census of Business. State totals are allocated on the basis of the distribution of state volume estimates published in the 1979 Sales Management Survey of Buying Power.*

The Sunbelt beckoned and top discounting chains continued to respond.

Nearly 40% of the new discount stores slated to open this year will have their foundations in Southern soil.

Texas heads the list of the Southern tier states most often targeted for chain expansion, with 35 new stores scheduled to open there by year's end. Other states experiencing strong discount store growth are Arkansas, 28 units; Alabama, 25; North Carolina, 23; Florida, 20; South Carolina, 18, and Georgia and Louisiana 15 each.

More modest gains were made in the Northwest and Midwest; chains headquartered there continued to fill in spaces in market strongholds. Ohio led the Snowbelt States in unit growth with 16 new stores scheduled to be built within its boundaries by the end of the year.

The one decrease posted was in the District of Columbia.

A net gain of 470 new stores comprising 29,975,000 sq. ft. is expected this year, a 25% increase over the 375 units added to the industry count last year.

In space, the industry gained 32,779,000 sq. ft., a 31% increase over footage gains made during the previous year. The average space of additional units was 69,742 sq. ft. This is consistent with the average store size reported in past census issues, and shows that discounters are sticking with their budgetary resolve to build smaller stores.

Openings Drop 35% in Top 50 Metro Markets

RANK	METRO MARKETS	** Proj. No. of Stores Dec. '80	No. of Stores Dec. '79	** Proj. Sq. Footage (add 000)	*** Proj. $ Discount Store Sales (add 000)	* Population (add 000)	Density (Sq. Ft. Per person)	* No. of Households (add 000)	* Effective Buying Income Per Household
1	New York	95	96	6,711	$ 743,511	9,266	0.72	3,629	$20,697
2	Los Angeles-Long Beach, Calif.	126	119	8,805	975,505	7,161	1.23	2,817	21,805
3	Chicago	182	180	12,854	1,424,094	6,998	1.84	2,443	25,150
4	Philadelphia	112	110	7,910	876,348	4,772	1.66	1,643	22,876
5	Detroit	75	77	5,300	587,187	4,372	1.21	1,485	25,686
6	Boston-Low.-Brockton-Lawr.-Haverhill	106	101	7,505	831,478	3,902	1.92	1,366	22,150
7	San Francisco-Oakland	55	52	3,883	430,197	3,223	1.20	1,311	23,557
8	District of Columbia-Va.-Md.	46	43	3,247	359,735	3,055	1.06	1,086	27,190
9	Dallas-Fort Worth	81	72	5,716	633,275	2,798	2.04	989	24,298
10	Houston	69	65	4,874	539,990	2,779	1.75	976	25,578
11	Nassau-Suffolk, N.Y.	56	55	3,986	441,608	2,700	1.48	832	28,055
12	St. Louis	49	48	3,460	383,333	2,390	1.45	811	22,193
13	Pittsburgh	71	68	5,013	555,390	2,250	2.23	807	20,716
14	Baltimore	38	36	2,683	297,249	2,158	1.24	748	20,125
15	Minneapolis-St. Paul	38	35	2,683	297,249	2,075	1.29	721	23,619
16	Newark, N.J.	26	27	1,837	203,521	1,939	0.95	661	26,842
17	Cleveland	59	56	4,165	461,440	1,934	2.15	685	23,474
18	Anaheim-Santa Ana-Gdn. Grove, Calif.	41	39	2,895	320,737	1,913	1.51	716	24,441
19	Atlanta	42	42	2,966	328,603	1,907	1.55	659	22,418
20	San Diego	50	49	3,531	391,199	1,841	1.92	704	20,065
21	Denver-Boulder	39	36	2,753	305,005	1,584	1.74	572	22,767
22	Seattle-Everett	28	27	1,978	219,143	1,527	1.29	585	22,385
23	Miami	40	39	2,826	313,093	1,495	1.89	568	21,469
24	Tampa-St. Petersburg, Fla.	35	33	2,741	303,675	1,475	1.86	621	17,107
25	Riverside-San Bern.-Ontario, Calif.	29	28	2,049	227,008	1,455	1.41	547	18,603
26	Milwaukee	33	32	2,331	258,251	1,413	1.65	493	22,693
27	Phoenix	56	49	3,961	438,839	1,390	2.85	490	21,924
28	Cincinnati	52	50	3,682	407,928	1,386	2.66	485	21,769
29	Kansas City, Mo.	40	39	2,825	312,981	1,334	2.12	497	23,287
30	Buffalo, N.Y.	40	39	2,855	316,305	1,279	2.23	465	19,777
31	San Jose, Calif.	33	32	2,381	263,791	1,263	1.88	454	27,025
32	Portland, Ore.	42	41	2,966	328,603	1,188	2.50	446	21,375
33	Indianapolis	51	48	3,600	398,844	1,168	3.08	404	22,568
34	New Orleans	26	23	1,835	203,299	1,164	1.58	403	21,748
35	Columbus, Ohio	49	47	3,460	383,333	1,110	3.12	392	21,827
36	Hartford-New Britain-Bristol	50	48	3,530	391,088	1,053	3.35	367	22,795
37	San Antonio, Tex.	27	25	1,906	211,165	1,048	1.82	332	20,825
38	Sacramento, Calif.	36	35	2,543	281,738	981	2.59	361	21,159
39	Rochester, N.Y.	20	20	1,413	156,546	967	1.46	348	22,202
40	Fort Lauderdale-Hollywood, Fla.	26	24	1,836	203,410	928	1.98	377	20,920
41	Memphis	29	24	2,056	227,784	905	2.27	300	20,024
42	Louisville, Ky.	23	21	1,624	179,923	893	1.82	310	22,829
43	Salt Lake City-Ogden, Utah	30	29	2,129	253,872	876	2.43	269	21,373
44	Providence-Warwick-Pawtucket, R.I.	26	25	1,836	203,410	849	2.16	298	20,243
45	Dayton, Ohio	48	46	3,399	376,575	838	4.06	292	22,138
46	Birmingham, Ala.	38	35	2,683	297,249	829	3.24	295	19,415
47	Norfolk-Virginia Beach-Portsmouth, Va.	26	23	1,825	202,192	822	2.22	257	20,131
48	Bridgept.-Stam.-Norwalk-Danb., Conn.	25	21	1,660	183,911	817	2.03	286	30,060
49	Oklahoma City, Okla.	25	23	1,785	197,760	809	2.21	302	20,804
50	Nashville	26	26	1,837	203,521	803	2.29	284	20,738

**From Sales Management's 1979 "Survey of Buying Power."*
***DSN estimate.*

****Sales are based on total footage, including that of connecting supermarkets, expected to be in operation at end of calendar year, using industrywide average dollars per square foot.*

Metro market store openings declined 35% in 1980 with only 110 new units scheduled to open in the nation's top 50 market areas. Last year, nearly half of the industry's new store growth—168 units—were opened in the most densely populated parts of the country.

This growth pattern further underscores discounter commitments to small rural and exurban communities—many with populations of under 10,000.

Two new metro markets made their way onto the top 50 list this year.

Oklahoma City and Nashville bumped the three-city Albany-Schenectady-Troy, N.Y., market and Toledo, Ohio, markets to win 49th and 50th place on the list, respectively. Discount store count increases in these markets show that as population increases discounters respond with new store openings.

Other shifts on the list include jumps in the listing by Houston to 10th place, over Nassau-Suffolk Counties in New York; and similar place reversals between Riverside-San Bernardino-Ontario, Calif., and Milwaukee. Also Phoenix and Cincinnati; Rochester, N.Y., and Sacramento, Calif., and Portland, Ore., and Indianapolis, all switched rankings.

The largest net store increase, for the second year in a row, was in the Dallas-Fort Worth area where T.G. & Y., Target, Woolco and K mart, among others continue to plot their growth.

Phoenix ranked second in net unit gains with nine new stores slated to open there this year. Los Angeles placed third with seven new discount units coming on stream in 1980.

Store gains in Philadelphia, however, slowed considerably from last year's 10 openings by Woolco, Clover and K mart to two this year.

Jefferson Invasion Tops Philadelphia-Area Changes

PHILADELPHIA—Though store counts have been growing slowly—about 4% a year in recent years—discounting is exploding in Greater Philadelphia, country's fourth largest metro market.

Composition of the chains there is changing more drastically than store numbers. Basic discounters Two Guys and Korvettes pulled up stakes, Two Guys by dumping a dozen stores and Korvettes by closing four out of five units. K mart and Woolco have pegged the area for future growth. Homegrown trade-up discounter Clover is slowly broadening its base.

The biggest change in the area, however, comes from Jefferson. The Florida-based discount division of Montgomery Ward gobbled up the dozen Two Guys when those stores were put up for sale. This purchase followed last year's acquisition of eight former J. M. Fields sites in the area.

Five of the Fields sites were reopened in July as upscale Jefferson/Ward stores, while seven of the Two Guys sites are slated to open this fall. The remaining five Two Guys sites are scheduled to open as Jefferson/Wards next year.

The trade-up discounters Clover and Jefferson/Ward. and more basic discounters K mart and Woolco are taking advantage of untapped potential in the 4.8-million population market.

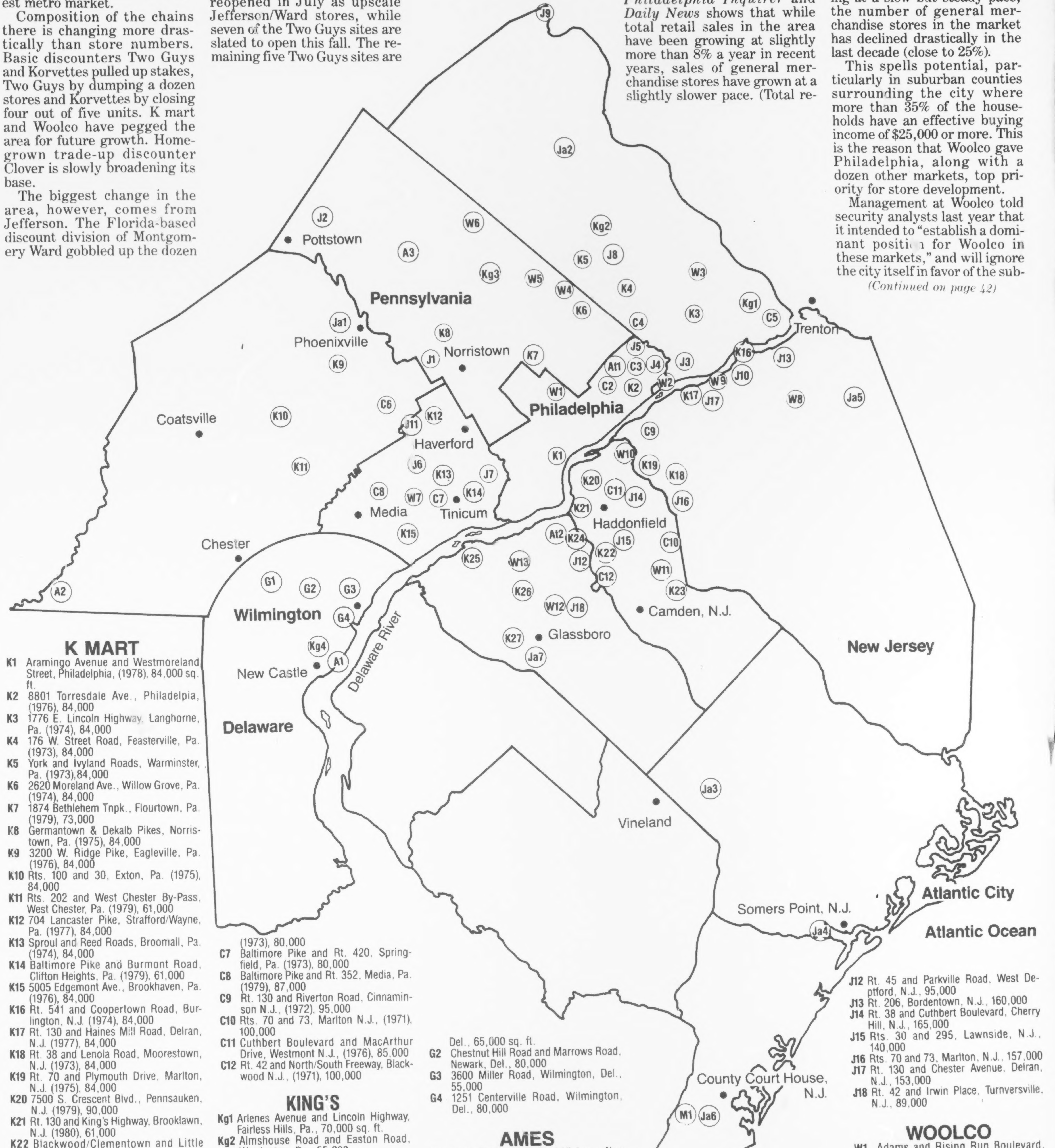
Market research done for the *Philadelphia Inquirer* and *Daily News* shows that while total retail sales in the area have been growing at slightly more than 8% a year in recent years, sales of general merchandise stores have grown at a slightly slower pace. (Total retail sales in the market exceed $17 billion, with general merchandise stores accounting for more than 13%, or $2.3 billion.)

Furthermore, while discount store numbers have been growing at a slow but steady pace, the number of general merchandise stores in the market has declined drastically in the last decade (close to 25%).

This spells potential, particularly in suburban counties surrounding the city where more than 35% of the households have an effective buying income of $25,000 or more. This is the reason that Woolco gave Philadelphia, along with a dozen other markets, top priority for store development.

Management at Woolco told security analysts last year that it intended to "establish a dominant position for Woolco in these markets," and will ignore the city itself in favor of the sub-

(Continued on page 42)



K MART

K1 Aramingo Avenue and Westmoreland Street, Philadelphia, (1978), 84,000 sq. ft.
K2 8801 Torresdale Ave., Philadelpia, (1976), 84,000
K3 1776 E. Lincoln Highway, Langhorne, Pa. (1974), 84,000
K4 176 W. Street Road, Feasterville, Pa. (1973), 84,000
K5 York and Ivyland Roads, Warminster, Pa. (1973),84,000
K6 2620 Moreland Ave., Willow Grove, Pa. (1974), 84,000
K7 1874 Bethlehem Tnpk., Flourtown, Pa. (1979), 73,000
K8 Germantown & Dekalb Pikes, Norristown, Pa. (1975), 84,000
K9 3200 W. Ridge Pike, Eagleville, Pa. (1976), 84,000
K10 Rts. 100 and 30, Exton, Pa. (1975), 84,000
K11 Rts. 202 and West Chester By-Pass, West Chester, Pa. (1979), 61,000
K12 704 Lancaster Pike, Strafford/Wayne, Pa. (1977), 84,000
K13 Sproul and Reed Roads, Broomall, Pa. (1974), 84,000
K14 Baltimore Pike and Burmont Road, Clifton Heights, Pa. (1979), 61,000
K15 5005 Edgemont Ave., Brookhaven, Pa. (1976), 84,000
K16 Rt. 541 and Coopertown Road, Burlington, N.J. (1974), 84,000
K17 Rt. 130 and Haines Mill Road, Delran, N.J. (1977), 84,000
K18 Rt. 38 and Lenola Road, Moorestown, N.J. (1973), 84,000
K19 Rt. 70 and Plymouth Drive, Marlton, N.J. (1975), 84,000
K20 7500 S. Crescent Blvd., Pennsauken, N.J. (1979), 90,000
K21 Rt. 130 and King's Highway, Brooklawn, N.J. (1980), 61,000
K22 Blackwood/Clementown and Little Gloucester Roads, Blackwood, N.J. (1973), 84,000
K23 326 S. Whitehorse Pike, Berlin, N.J. (1974), 84,000
K24 Clements Bridge Road and Rt. 140, Deptford, N.J.(1980), 61,000
K25 Broad Street, Paulsboro, N.J. (1977), 73,000
K26 Tollhouse Plaza, Rt. 45, Mantua, N.J. (1973), 84,000
K27 Delsea Drive, Glassboro, N.J. (1976), 84,000

CLOVER

C1 Ridge Pike and Henry Avenue, Philadelphia (1977), 80,000 sq. ft.
C2 Cottman and Castor Avenues, Philadelphia (1978), 150,000
C3 8800 Frankford Ave., Philadelphia (1978), 80,000
C4 Bucks County Mall, Feasterville, Pa. (1978), 75,000
C5 Rt. 1 and W. Trenton Avenue, Morrisville, Pa. (1972), 90,000
C6 Rts. 202 and 73, Centre Square, Pa. (1973), 80,000
C7 Baltimore Pike and Rt. 420, Springfield, Pa. (1973), 80,000
C8 Baltimore Pike and Rt. 352, Media, Pa. (1979), 87,000
C9 Rt. 130 and Riverton Road, Cinnaminson N.J., (1972), 95,000
C10 Rts. 70 and 73, Marlton N.J., (1971), 100,000
C11 Cuthbert Boulevard and MacArthur Drive, Westmont N.J., (1976), 85,000
C12 Rt. 42 and North/South Freeway, Blackwood N.J., (1971), 100,000

KING'S

Kg1 Arlenes Avenue and Lincoln Highway, Fairless Hills, Pa., 70,000 sq. ft.
Kg2 Almshouse Road and Easton Road, Warrington, Pa., 55,000
Kg3 666 East Main St., Lansdale, Pa., 60,000
Kg4 Rt. 273 and Churchmans Road, New Castle, Del., 59,500

JAMESWAY

Ja1 Rt. 23 and Rt. 113, Phoenixville, Pa., 60,000 sq. ft.
Ja2 Rt. 309 and Rt. 113, Souderton, Pa., 90,000
Ja3 80 South Whitehorse Pike, Hammonton, N.J., 60,000
Ja4 Rt. 9 and Bethel Road, Sommers Point, N.J., 30,000
Ja5 Dix-McGuire Plaza, Rt. 545, Wrightstown, N.J., 80,000
Ja6 Rt. 585 and Dennisville Road, Cape May Courthouse, N.J., 63,000
Ja7 Delsea Drive & Bristol Road, Glassboro, N.J., 63,000

GAYLORDS

G1 DuPont Highway and Rt. 13, Newark, Del., 65,000 sq. ft.
G2 Chestnut Hill Road and Marrows Road, Newark, Del., 80,000
G3 3600 Miller Road, Wilmington, Del., 55,000
G4 1251 Centerville Road, Wilmington, Del., 80,000

AMES

A1 Basin Road and DuPont Highway, New Castle, Del., 50,000 sq. ft.
A2 Rt. 10 and Old Rt. 1, Oxford, Pa., 50,000
A3 Pottstown Avenue and Perkroman Plaza, Pennsburg, Pa., 50,000

ATLANTIC

At1 Passyunck Avenue and 23rd Street, Philadelphia, 50,000 sq. ft.
At2 Delsea Street and Cooper Street, Westville, N.J., 70,000

MURPHY'S MART

M1 Rt. 9 and S. Dennis Road, Cape May Courthouse, N.J., 90,000 sq. ft.

JEFFERSON/WARD (all 1980)

J1 Germantown & Dekalb Pikes, Norristown, Pa., 100,000 sq. ft.
J2 Norco Mall, Pottstown, Pa., 88,000
J3 Knight and Street Roads, Bensalem, Pa., 157,000
J4 Rt. 1, Levittown, Pa., 104,000
J5 Red Lion Road and Roosevelt Boulevard, Philadelphia, 100,000
J6 West Chester Pike and Spring Road, Broomall, Pa., 122,000
J7 50 MacDade Blvd., Glenolden, Pa., 91,000
J8 York and Mill Roads, Hatboro, Pa., 122,000
J9 Penn Avenue and Union Boulevard, Bethlehem, Pa., 120,000
J10 Mount Holly and Sunset Roads, Burlington, N.J., 80,000
J11 Rt. 30 and Laurel Avenue, Stratford, N.J., 125,000
J12 Rt. 45 and Parkville Road, West Deptford, N.J., 95,000
J13 Rt. 206, Bordentown, N.J., 160,000
J14 Rt. 38 and Cuthbert Boulevard, Cherry Hill, N.J., 165,000
J15 Rts. 30 and 295, Lawnside, N.J., 140,000
J16 Rts. 70 and 73, Marlton, N.J., 157,000
J17 Rt. 130 and Chester Avenue, Delran, N.J., 153,000
J18 Rt. 42 and Irwin Place, Turnversville, N.J., 89,000

WOOLCO

W1 Adams and Rising Run Boulevard, Philadelphia (1979), 80,000 sq. ft.
W2 Rt. 13 and Woodhaven Road, Cornwell Heights, Pa. (1973), 115,000
W3 Rt. 1 and Oxford Valley Road, Langhorne, Pa. (1975), 145,000
W4 Blair Mill Road and Moreland Avenue, Horsham, Pa. (1972), 115,000
W5 Welsh and North Wales Roads, Lansdale, Pa. (1975), 90,000
W6 Rt. 113 and County Line Road, Souderton, Pa. (1976), 83,000
W7 MacDale Avenue and South Avenue, Holmes, Pa. (1970), 115,000
W8 Burlington Road and Ridgely Street, Mount Holly, N.J. (1976), 85,000
W9 Rt. 130 and Charleston Road, Willingboro, N.J. (1974), 90,000
W10 Rt. 130 and Cinnaminson Avenue, Cinnaminson, N.J. (1973), 115,000
W11 260 White Horse Pike, Clementon, N.J. (1977), 100,000
W12 761 Black Horse Pike, Turnersville, N.J. (1977), 90,000
W13 Rt. 45 and Alliance Road, Woodbury Heights, N.J. (1978), 83,000

Region	Proj. No. Disc. Stores Dec. '80	No. Disc. Stores Dec. '79	Proj. % Increase 1980	No. Disc. Stores Dec. '78	Proj. Sq. Footage Dec. '80 (add 000)	Sq. Footage Dec. '79 (add 000)	Proj. % Increase 1980	Sq. Footage Dec. '78 (add 000)
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	1,595	1,437	11.0	1,353	107,680	96,517	11.6	94,895
EAST CENTRAL Ill., Ind., Mich., Ohio, Wis.	1,541	1,485	3.8	1,398	113,918	110,198	3.4	104.812
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	1,216	1,182	2.9	1,131	97,361	95,047	2.4	95,053
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	1,143	1,034	10.5	976	69,664	63,471	9.8	57,845
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., S.D., N.D.	723	678	6.6	654	49,132	45,966	6.9	38,776
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	687	658	4.4	632	51,446	49,400	4.1	48,010
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	602	575	4.7	547	40,804	38,904	4.9	37,702
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	229	217	5.5	200	14,661	13,819	6.1	13,329

Southeastern Region Gets Store Lead

For the first time, the East Central States do not hold the greatest number of discount stores within their boundaries.

Steady development of Sunbelt markets by chains has finally given the Southeastern region—Alabama, Florida, Georgia, Kentucky, Mississippi, North and South Carolina, Tennessee, Virginia and West Virginia—the lion's share of discount stores: 1,595 units by year's end, up 11% over last year.

T.G. & Y., K mart, Rose's, Jeffersons, Bradlees (moving into Virginia for the first time with three units), Magic Mart, and Wal-Mart were among the chains continuing to find fertile soil in this part of the country.

Growing nearly as quickly in 1980 were markets in the Southwest, which by year's end will be playing host to 1,143 discount stores—a 10.5% increase over 1979's unit count.

K mart, Wal-Mart, T.G. & Y., Target, Howard Bros. and Gemco/Memco were among the chains increasing their interest and investment in milder-weather markets.

In the Snowbelt, unit gains were advancing at a more moderate rate.

The Middle Atlantic and New England States, the cradle of discounting, boosted store counts by only 2.9% and 3.8%, respectively, down from the 4.5% and 5.1% rate of growth reported in 1979.

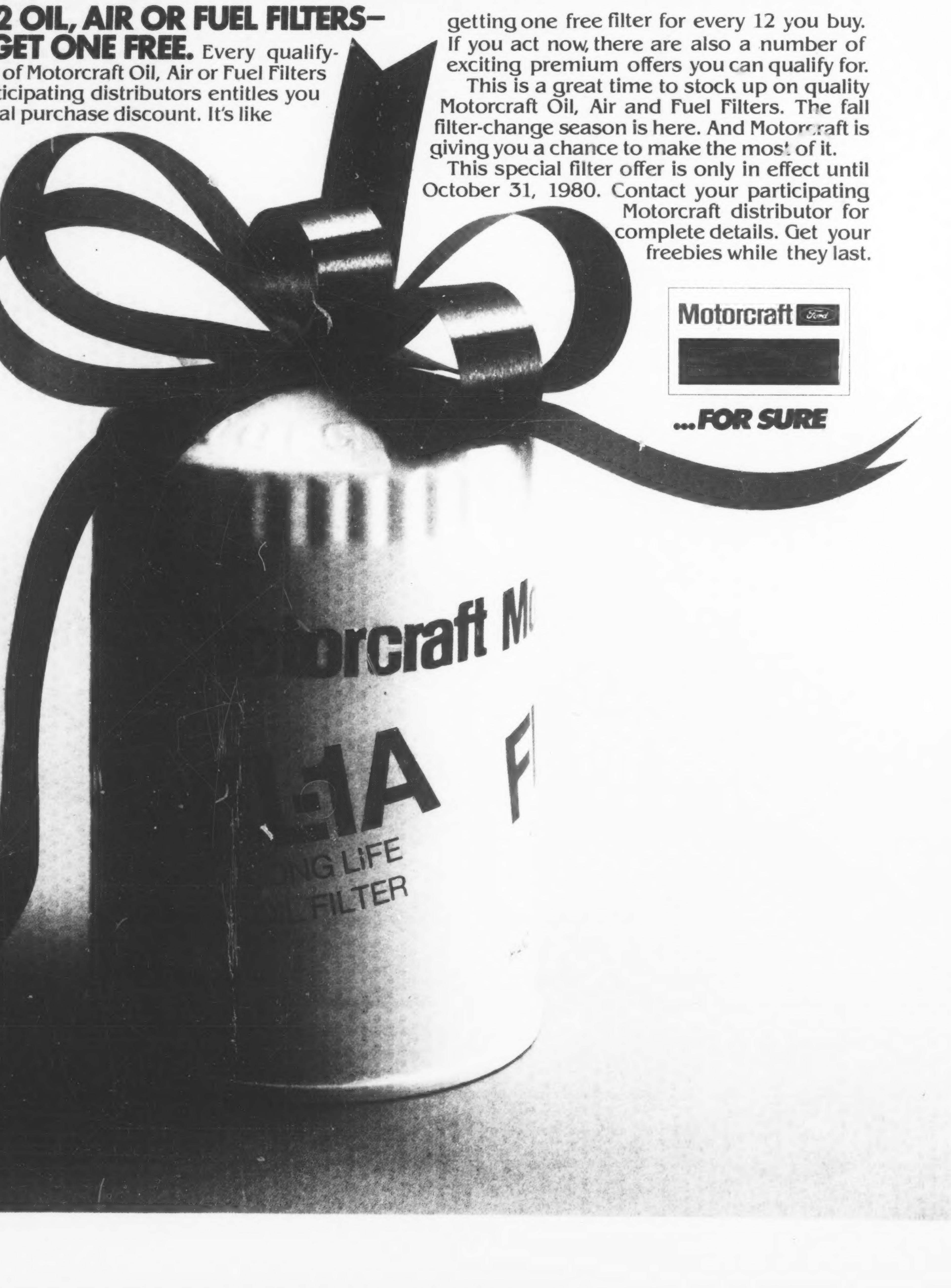
The East Central region, which advanced its store count by 6.2% last year, as the discounters headquartered there filled in bypassed markets and strengthened their position, grew by only 56 units this year, as compared to 87 the year before.

Steady unit growth—consistent with last year's advances—was evident in all other parts of the country.

Dollar General's Net Skyrockets

SCOTTSVILLE, Ky.—Six-month earnings for Dollar General leaped ahead 49% to $2,253,000 for the period ended June 30, 1980.

Sales for the first half totaled $84,708,000, a 17% increase over the first-half sales in the previous fiscal year. Earnings per share rose 47% to 69¢.



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MAJOR DEPARTMENTS	% OPERATED BY STORE	% LEASED
HOUSEWARES	95	5
LADIES'	94	6
MEN'S-BOYS'	89	11
INFANTS'-CHILDREN'S	86	14
SPORTING GOODS	96	4
HARDWARE	94	6
TOYS	96	4
DRUGS	96	4
LINENS-DOMESTICS	93	7
JEWELRY	78	22
SHOES	57	43
GARDEN-PATIO	95	5
RECORDS	92	8
CAMERA	91	9
AUTO ACCESSORIES	93	7
STATIONERY	96	4
TBA	78	22
PAINT	92	8

Source: DSN Research

Chain-Run Depts. on Rise

Discounters further tightened their grip on store profits this year by increasing the number of company-operated departments (vs. lessees) in nine out of 18 categories.

(The nine categories showing no increase were all areas where discounters already operated more than 90% of the departments, industrywide.)

The greatest gains this year were made in TBA (tires, batteries and accessories) service centers and apparel departments.

Auto service centers were long considered a traffic draw, and discounters who wanted the centers under roof preferred to lease out the department rather than bankroll the considerable payroll and operating costs.

Now, that's changing. In the past two years, the number of centers operated by discounters increased seven percentage points—five points in 1980 alone—to 78%.

Likewise in apparel, discounters are continuing to retire their lessees, recognizing that the category's 30%-plus margins can easily boost sales—and profits.

In ladies' apparel, discounters increased their takeover of departments by one percentage point, giving them control and ROI from 94% of the industry's women's departments.

Discounters also increased their operating hold by one point on infants' and children's wear, giving them control of 86% of those departments.

In men's wear, the number of discounter-operated departments rose by two percentage points to 89%.

In shoes, where lessees still have the most significant amount of representation, discounters increased their control by 2 points to 57%.

Other discounter (takeover) gains were made in drugs, up one point to 96%; records, up one point to 92%, and in auto accessories, also up one point, to 93%.

Acquisition Fever Gains

(Continued from page 21)

Last year the Oakland Pay Less chain recorded $300 million in sales and net profit up 6.5% from the previous year to $3.1 million.

Ohio-based Rink's increased its size by two stores in January when it absorbed the two-store NBC Stores operation, part of a six-store expansion program undertaken by the chain. The stores are located in Norwalk and Bellevue, Ohio. Rink's operates 47 stores in Ohio, Michigan and Kentucky.

Ohio-based Schottenstein's also increased the number of stores in operation this year when it opened seven units acquired from Mason's last year. The stores were among 16 Mason's stores acquired when Schottenstein's took over Mason's parent, M. H. Fishman. The remaining stores were sold.

Smaller Stores

(Continued from page 21)

ladder."

Shoppers World moved its headquarters from New York City to San Antonio, Tex., to gain closer supervision of its stores, all of which are in that state.

"Our buyers know what our customers want and can react faster to changes in fashions," an executive said. The move hasn't hurt the apparel-oriented discounter as merchandisers regularly shop the New York apparel market and have expanded their Dallas apparel market shopping.

Focusing a chain's major effort on a market has paid off for David's as its five stores in Wichita are the dominant retailers there, holding about a 30% market share, according to a recent survey.

An executive explained that David's has a three-week lead time for ads, while national chains such as K mart, Woolco, T.G. & Y. and Target with stores in the market need six to eight weeks.

Doing your own thing doesn't mean that smaller chains can't learn from major discounters.

Maloney's adopted a race track layout in its prototype store following the extensive use of this format by a number of national discounters. The discounter is also computerizing its warehouse, an executive said, including the development of sku numbers for every item so that "we can achieve a two-week turnover as have larger chains."

While most of the regional and local discounters have sustained their market position, a few have run into problems. Tradeway is attempting to reorganize under Chapter XI after an expansion program resulted in the discounter ending up with single units in too many markets that faced major chains.

Mr. Wiggs has sold off its five stores in Kentucky so that it can refocus its efforts onto its units in Ohio, its home base.

By concentrating on a specific market area, the smaller discounters have developed a local identity that has paid off in customer loyalty despite the invasion of national chains.

The Singleton's executive asserted that "price isn't the only factor as to why a consumer shops a store. We are a local company and our managers grew up in the neighborhoods where they have their stores."

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Average Size of Stores Continues to Shrink

SQUARE FOOTAGE	Projected Dec. 31, 1980 No. of Stores	Projected Dec. 31, 1980 % of Total	Dec. 1979 No. of Stores	Dec. 1979 % of Total	% Change in No. Stores Projected 1980 vs. 1979
10,000 to 19,999	626	8.1	604	8.3	+ 3.6
20,000 to 29,999	529	6.8	503	6.9	+ 5.2
30,000 to 39,999	639	8.3	591	8.1	+ 8.1
40,000 to 49,999	898	11.6	841	11.6	+ 6.8
50,000 to 59,999	721	9.3	658	9.1	+ 9.6
60,000 to 69,999	819	10.6	760	10.5	+ 7.8
70,000 to 79,999	558	7.2	497	6.8	+12.1
80,000 to 89,999	827	10.7	786	10.9	+ 5.2
90,000 to 99,999	271	3.5	246	3.4	+10.2
100,000 to 119,999	1,343	17.4	1,304	17.9	+ 3.0
120,000 to 139,999	175	2.3	160	2.2	+ 9.4
140,000 to 149,000	59	0.8	50	0.6	+18.0
150,000 to 199,999	189	2.4	184	2.6	+ 2.7
200,000 and larger	82	1.1	82	1.1	NC
TOTAL	7,736	100.0	7,266	100.0	+ 6.5

Source: DSN research; NC = No Change

Average store size continues to shrink during 1980.

While the largest per cent change vs. 1979 was recorded in the 140,000- to 149,000-sq.-ft. range—with nine new giant stores slated to open this year as compared to two last year—the real action was in the 70,000- to 79,000-sq.-ft. and 50,000- to 59,000-sq.-ft. stores.

Growth in those two brackets—68 and 63 new units, respectively—account for 28% of this year's new units. That development can be traced to further chain determination to fill in territories by exploring small exurban markets that demand scaled-down units and to increased operating costs.

Caldor and Zayre, chains founded with 100,000-sq.-ft.-plus stores, opened smaller units this year—under 80,000 sq. ft., and expansion plans for 1981 call for new units of comparable size.

K mart continued to open its Group Nine stores this year, accounting for a considerable portion of the growth in the 50,000- to 59,000-sq.-ft. range. Likewise, T.G. & Y. continued converting its small variety stores into Family Centers and Super Stores of 40,000 to 60,000 sq. ft.

Wal-Mart's preference for a 45,000-sq.-ft. prototype resulted in nearly 60% of the unit growth in this size range. Howard Bros., too, continued to base volume and store growth on a 40,000-sq.-ft. unit, with eight new stores in that size area opened this year, and 20 more on line for 1981. That size accounts for nearly 12% of all discount stores currently in operation.

Still, big stores are not on the verge of extinction—although the smallest percentage increase (2.7%) was in stores larger than 150,000 sq. ft.

Target opened or planned to open by year's end 17 new stores with an average size of 90,000 sq. ft. Gemco/Memco and Gold Circle have plans to open units in excess of 100,000 sq. ft. sometime during 1981.

Magic Mart Opens 3 in Mississippi

LITTLE ROCK, Ark.—Magic Mart has opened three new stores, all in Mississippi, bringing to 10 its total in the state.

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Specialty Departments Multiply

UNE-UP
2
3
SHOCKS
TAIL PIPES
4
MUFFLERS
5
6
BRAKES

TBA centers are becoming increasingly popular with discounters trying to maximize one-stop shopping capabilities. Jefferson, Biscayne Boulevard, Miami, has made the specialty category work.

Discounters are continuing to build one-stop shopping capabilities into their mix—and profitability into their bottom lines—by adding and taking over specialty departments from lessees.

In fact, of 18 (specialty) categories reported on, advances in incidence were posted in 16.

The only two departments to register declines in the incidence rate were sewing and millinary departments—two specialty departments exceptionally susceptible to changing consumer tastes and habits. Sewing departments slipped 1.6 points to 59.7%, evidence that, increasingly, some chains are closing up their sewing departments. Millinery departments, too, fell victim to chain demands that each square foot of sales space perform to maximum capability. So while 50% of all chains now operate their own millinery departments—2% more than last year—the number of chains still putting millinery into their mix dropped to 39.1%.

For the second year in a row, the largest advance in the rate of incidence was scored by candy departments.

Other sizable gains—in both chain takeovers and in the rate of incidence—were made by snack bars, pharmacies and optometry departments.

The number of chains now operating their own snack bars rose by 7.4 points to 54.6%. Of that number, more than two-thirds are operated by the chains themselves, rather than by lessees. Last year, DSN's census of the industry showed that only 67% of the chains offering their shoppers this added convenience operated the departments themselves.

Likewise, more discounters installed pharmacy and optometry services—for a total of 40.8% and 30.3% of all chains respectively—under their roofs to further enhance their full-line image and abet one-stop shopping.

Also significant, in terms of total dollars and the changing emphasis on providing consumers with service, is the increasing addition of TBA centers in discount stores.

In-discount-store supermarkets also increased their rate of incidence this year, to 33.2%.

SPECIALTY DEPARTMENTS OR SECTIONS IN DEPARTMENTS	% OF CHAINS WITH THESE DEPTS.	% OPERATED BY STORE	% LEASED
TBA	35.7	78	22
APPLIANCES-TV	98.1	85	15
LUGGAGE	91.2	98	2
SNACK BAR	54.6	70	30
FURNITURE	68.8	98	2
MILLINERY	39.1	50	50
CANDY	75.4	99	1
SUPERMARKET (a)	33.2	36	64
FLOOR COVERINGS	57.3	98	2
SEWING SHOP	59.7	94	6
TOBACCO SHOP	66.8	95	5
GIFTS	50.7	99	1
PET	43.9	92	8
PHARMACY	40.8	82	18
NURSERY	10.1	100	—
LIQUOR	6.7	92	8
OPTOMETRIST	30.3	80	20
BEAUTY SALON	22.1	3	97

(a) Includes only same-roof departments. Also includes some 4,000-sq.-ft. to 10,000-sq.-ft. departments.)

(DSN Research)

Trade-up

(Continued from page 21)

to boost sales per square foot by 10%-15% by going higher, particularly in its hard line departments.

Thirty per cent of the gondolas will be raised in the chain's 100,000-sq.-ft. units. while almost all gondolas will grow taller in the 80,000-sq.-ft. stores. (The 54-in.-high gondolas will be stretched to 66 in. high, while 60-in. shelves will be increased to 72 in. high.)

With the newly acquired space Nichols will expand its successful home improvement sections (in its smaller 80,000-sq.-ft. stores), and apparel departments, and add bedding to its larger 100,000-sq.-ft. units. Wicker and picture frame selections will also get more floor space, chainwide.

"In the past if we wanted to expand merchandise categories we would decrease facings in other areas and keep goods in the backroom or warehouse," said a chain spokesman. "That's no longer an economical alternative. We want the merchandise on the floor."

Rink's, too, pushed gondola heights upward in order to maintain merchandise levels in stores when construction and overhead expenses forced them to build smaller-scale stores.

"We couldn't start cutting down merchandise, so the only way to go was up," said Sol Norflus, senior vice president at Rink's.

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K mart to Unveil New Prototype

TROY, Mich.—There's a new K mart coming.

The discount industry's powerhouse chain will unveil its long-awaited new store prototype, which includes changes in its hard goods presentation, in early November in Indianapolis, where nine K marts are currently being remodeled.

The new-look format will go into at least one of the nine stores being refurbished. This test K mart of the 1980's will build on the upgraded apparel department unveiled earlier this year, incorporating a number of other moves that include:

- A complete race-track layout, the discounter's first use of this store format that has become standard at a number of other chains.
- Consolidation of a number of departments into an in-store home improvement center that will merchandise hardware, paint, electricals, plumbing, lumber and building materials.
- Realignment of some other hand goods department to go into the footage opened up by the combining of the sections into a home improvement center.
- Relocation of jewelry and cameras to the front of the store as the first upscale department customers see when they enter the store.
- Shifting delicatessen, which had been in the front of the store, behind the checkout counters.
- Simplification and standardization of interior signs as well as modernization of permanent wall and ceiling signs. A new contemporary interior color scheme will be used.
- Reduction in the use of interior signs, so that they don't compete with each other for customers' attention.

The use of the race-track layout and the realignment of the hard goods departments are the key to the new prototype K mart.

The other moves that will accompany these two major steps—development of a home improvement center, spotting jewelery and cameras in the front of the store, relocating the delicatessen counter, and use of the upgraded apparel format—will be incorporated into the remodeling of all the Indianapolis stores.

The Indianapolis project, company officials asserted, is the first part of a move to adopt a new interior design for K mart for the 1980's. If successful, the new layout and display could be introduced into K marts in several other large markets as early as mid-1981.

The new program being developed by K mart will enable it to move into a new market position as a step-up discounter, competing on a stronger footage with regional and national retailers that draw upscale shoppers.

The soft goods portion of this effort was unveiled in Lodi, N.J., in June, and during the summer was expanded to three K marts in Fayetteville, Ark.

The new K mart that's coming isn't limiting its efforts to just a new store prototype. It is also revamping its ad program to boost the use of magazines in an effort to attract more affluent, better-educated and bigger-spending consumers—the same customers that are the target group for the new store presentation and upgraded merchandising program.

The election of Bernard Fauber as chairman and chief executive officer was the spark that set off the new K mart thrust. He's committed to an internal growth program that focuses on revising and intensifying the discounter's merchandising, advertising and store design to meet the higher quality demands of more affluent, middle-income, Middle-America customers.

External growth will be very selective, as witness the purchase of the Furr's Cafeteria chain, a move that could also help K mart boost the productivity of its own in-store feeder operation.

Zayre

Remodeling Speeds Zayre's Growth

FRAMINGHAM, Mass.—Zayre is forging ahead with its modernization program, which led to a 35% increase in operating income last year. Remodeled stores are expected to bring the chain financial growth in the years ahead.

Thirty-six Zayre stores were renovated this year in Washington, D.C., and in Tampa, St. Petersburg, and Orlando, Fla. (In 1979, 65 stores in Boston, Chicago and Miami were updated).

Zayre also continued to trim away nonproductive stores and to add locations. The chain began the calendar year with 254 units and plans to slim down to 247 by year's end.

Profits did not fair as well in Zayre's first half, largely due to the effect of the recessionary environment, said a chain spokesman. The combination of skyrocketing interest rates and the chain's significant amount of borrowing during this period sent its interest expenses up 49% vs. last year's first-half level.

Net income fell substantially to a loss of $469,000 from last year's first-half earnings of $1.805 million.

Still, Zayre expansion plans continue. Three new stores are on line for openings this fall. A 58,000-sq.-ft. store in Fort Walton, Fla., and a 91,000-sq.-ft. unit in Panama City, Fla., will open in October. The opening of a 99,000-sq.-ft. store in New Hartford, Conn., is slated for November. An estimated 10 new stores will be added to the count in 1981, according to chain officials.

In the apparel specialty store division, a net of five Hit or Miss stores and 12 T. J. Maxx outlets will be added this current fiscal year.

The chain posted a 10% increase in sales for the latest completed fiscal year to $1.33 billion from year-before volume of $1.22 billion. Profits rose substantially during that time from $14 million to $17 million, a 21% increase.

Zayre officials projected stable sales for both corporate and discount operations in the current fiscal year. Discount store sales are expected to climb 3.6% to $1.375 billion, while corporate sales are targeted for a 2.3% increase to $1.625 billion. Included in these corporate projections is a 2.1% increase to $195 million projected for the Hit or Miss and T. J. Maxx stores, which together contribute 12% of total corporate sales.

Primarily in response to the chain's first-half profit performance, Zayre implemented standby contingency plans.

T.G. & Y. on Target for $3B Biz by '83

OKLAHOMA CITY—Halfway through the five-year plan launched in 1978, T.G. & Y. is on target for $3 billion in sales by 1983.

In line with its decision to go full steam ahead as a discounter, the chain is continuing to close or convert its traditional variety stores to a discount store format at a brisk clip.

Twenty-four existing stores were shuttered by mid-year and another two dozen were slated to close by the end of the year. Those closings, however, were offset by more than 50 conversions and new store openings.

Most of the new growth is planned for the Southeast, most notably Florida, Alabama and Georgia, and the Southwest—Oklahoma and Texas.

Sales last year totaled $1.5 billion, with the Family Centers and super stores accounting for $1.2 billion and the variety stores for the rest. The chain projects sales of $1.7 billion for the current fiscal year.

To keep its far-flung store network (33 states) sufficiently supplied, the chain is streamlining its distribution system, aiming to handle 80% of its mix through its own replenishment system by 1983.

The company, which opened its first distribution center in 1977, now operates five centers including a 200,000-sq.-ft. center opened in Macon, Ga.

At the same time that the company has been fine tuning its distribution system it has also been at work planogramming its merchandise mix. By next year, the company hopes to have a planogram governing each department.

Other facets of the five-year plan include management training seminars for store and field managers, and ultimately, full computer capability. Currently, only warehouse inventory and most of the company's bookkeeping functions are online.

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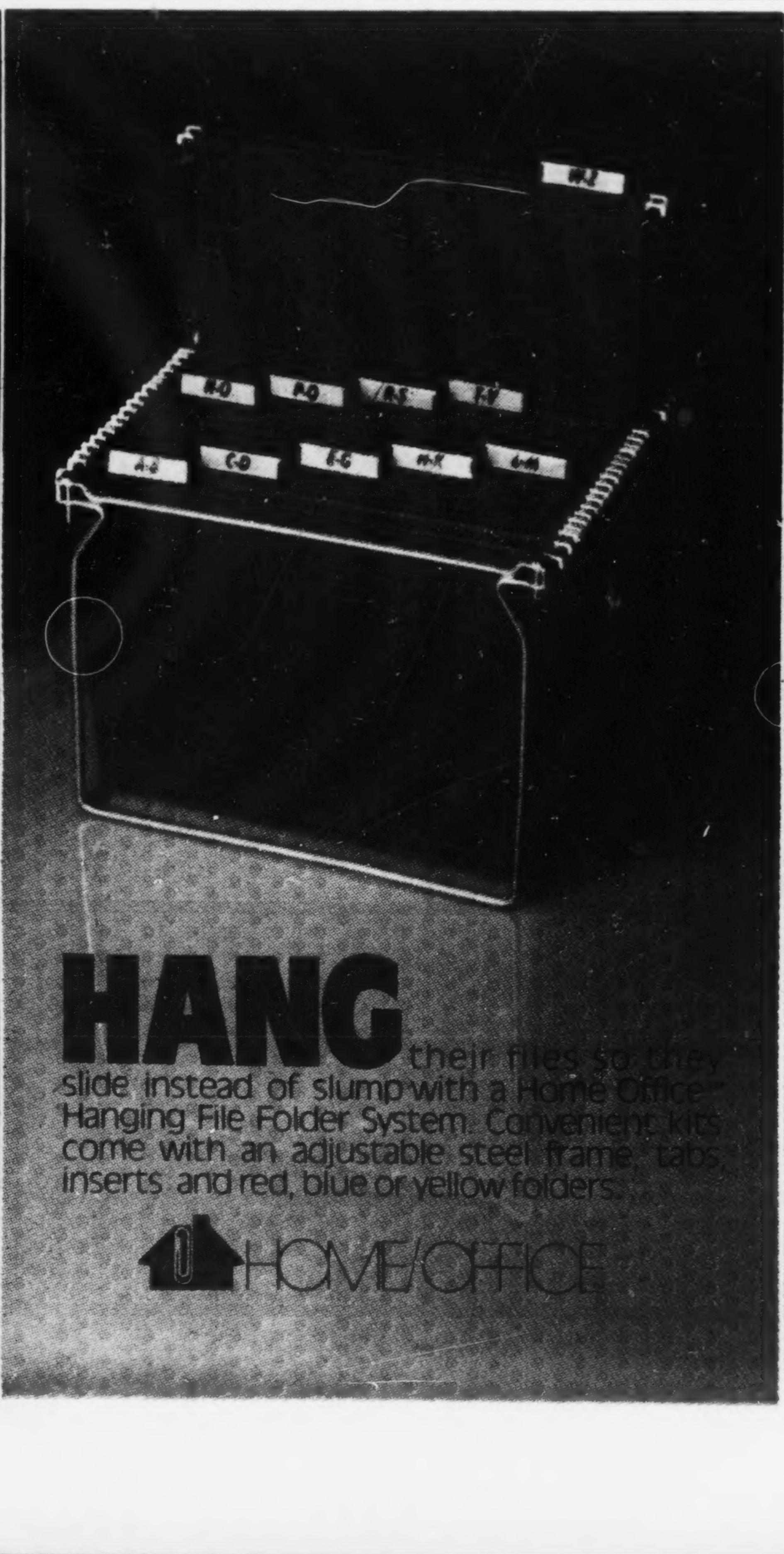

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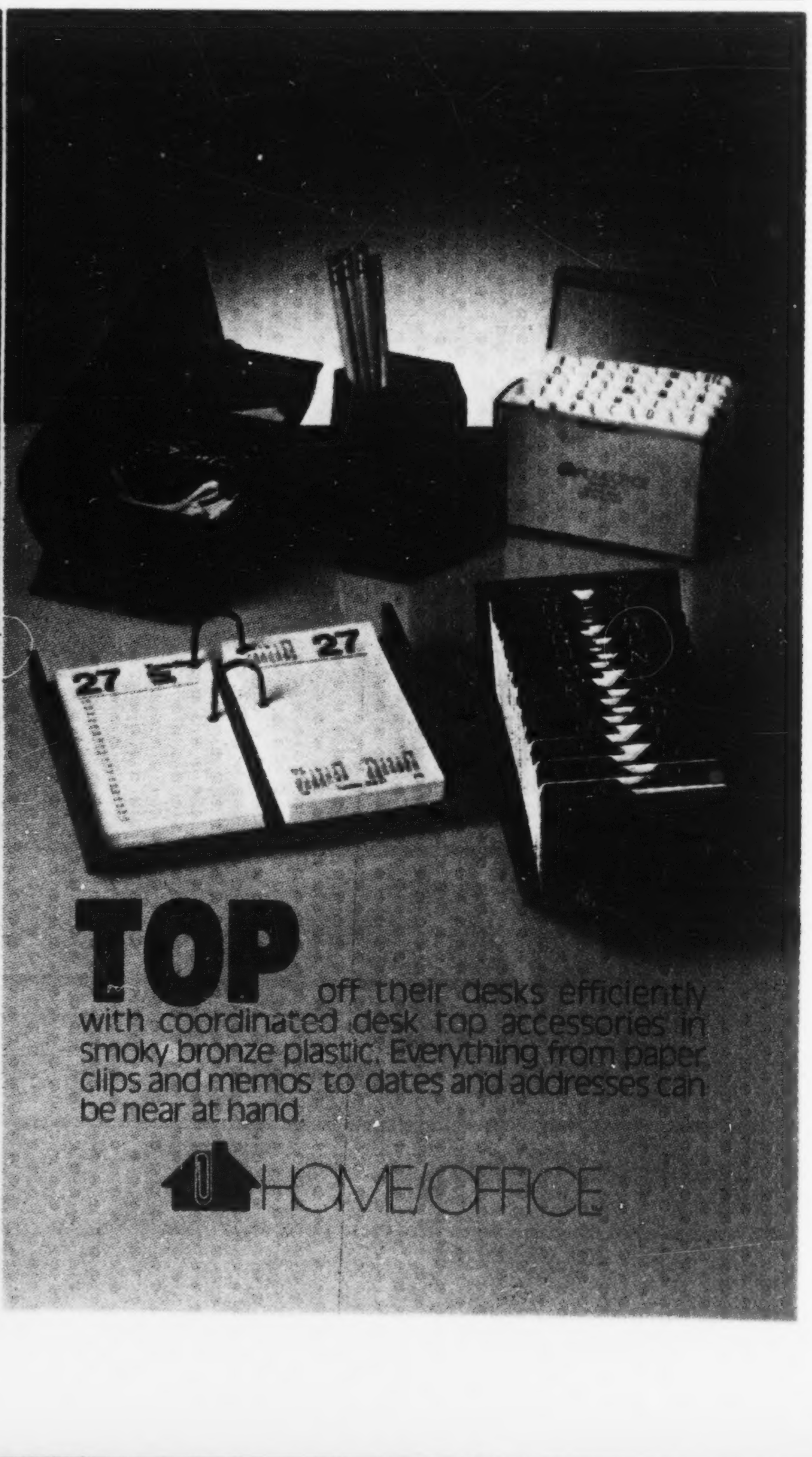

TOP off their desks efficiently with coordinated desk top accessories in smoky bronze plastic. Everything from paper clips and memos to dates and addresses can be near at hand.

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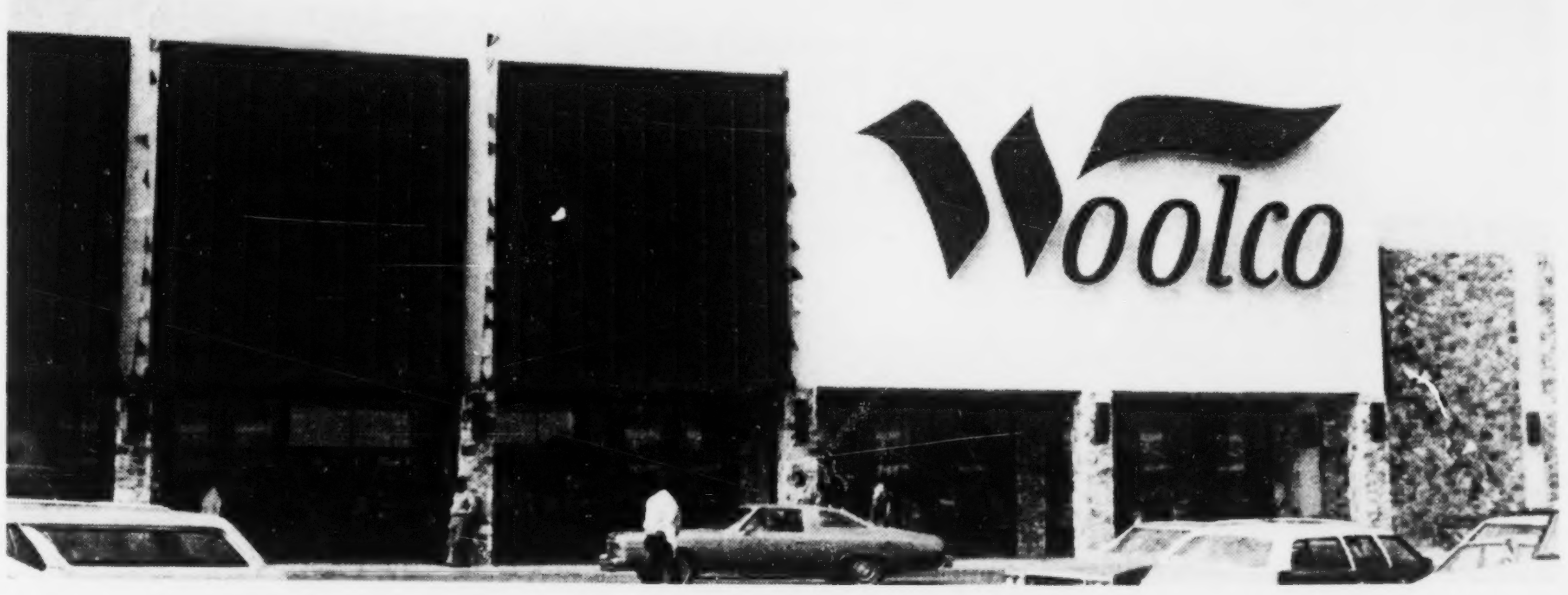


Woolco Focuses on Clusters

NEW YORK—Continuing plans put in motion last year, Woolco is focusing on bottom-line productivity gains through a series of steps that include:

- Clustering stores to gain maximum consumer recognition and advertising impact—or pulling out of markets, like Atlanta, where the three units were not enough to deliver a profitable level of sales.
- Scaling down store footage to reduce operating costs and leasing the freed space to its own J. Brannam specialty apparel chain, among others.
- Taking over leased departments so that all sales generated in the high-volume discount stores will accrue to the parent company, and a coordinated, total store merchandise presentation will be possible.

The result, Woolco executives said, should be at least a 10% sales gain that would push discount store volume in the United States and Canada to more than $3.2 billion at the end of this fiscal year, up from $2.85 billion last year. Company-operated sales will jump to about $3 billion from $2.3 billion last year due to the leased department takeovers under way in Woolcos in the United States.

The takeover of the apparel departments is the key to Woolco's efforts to boost profitability. Taking over the two clothing departments will redirect more than $20 million in licensing fees to the discounter—$12.8 million from ladies' wear which is now merchandised by Apparel Buying Associates and $7.5 million from the remaining 148 Rockover-run men's wear departments.

Kinney Shoes, a subsidiary of Woolco's parent F. W. Woolworth, will run the shoe sections for the chain as the current crop of lessees moves out.

A similar takeover effort is under way in Woolco Canada, where the discounter will phase out the Grafton Group as operator of the stores' men's wear departments.

The scaling down of Woolco stores hasn't affected the discounter's expansion plans, with 45 new units set to open this year: 30 in the United States and 15 in Canada. This will boost the chain's North American store count to 465.

The parent company's discount operations aren't limited to just the Woolco stores. It has launched J. Brannam as a chain of apparel specialty stores.

Woolworth opened 27 J. Brannam stores this year from a standing start.

FedMart Increases Its Business, Reduces Losses For 36 Weeks

SAN DIEGO—FedMart is banking on its heavy Sunbelt locations and its supermarket traffic to weather the present economy and to hoist the chain out of its profitability troubles.

The chain has been plagued with losses in recent years—the most serious of which was an $11.1 million loss reported in fiscal 1979—although the current fiscal year's results are somewhat improved.

Net earnings of $2.8 million were recorded for the second quarter, ended Feb. 17, moving FedMart into the black by wiping out almost comparable losses reported during the first quarter. Net earnings for the first half were $225,000.

Sales, however, slipped again during the third quarter, ended May 11, totaling $238 million—only 3% higher than the comparable period a year ago—and net losses reached $1.8 million. This gives the discounter $734 million in sales and a net loss of $1.6 million for the 36-week period ended May 11, compared to sales of $670 million and a net loss of $13.8 million for the same period a year earlier.

The chain, admittedly weak in management especially in non-food merchandising, is hoping to improve its bottom line with the new merchandising talent added in recent months, which included the naming of Bernard Litwak as president.

Industry observers are speculating, however, that unless Heinz Gundlach, ceo, starts delegating merchandising responsibilities, management turnover will continue and improved profitability could be jeopardized. Gundlach, tapped by principal shareholder Hugo Mann to run the company, moved up to ceo when Litwak joined the company.

Some suppliers are predicting that FedMart will soon beef up its hardware department by expanding merchandise lines and space allocations, noting that the chain recently created the new position of dmm-auto TBA/hardware with the appointment of Donald Penning.

Moreover, FedMart wants to boost its apparel business to 15% of total corporate sales. Presently, apparel averages a little more than 10% of chain volume. Stores with full apparel assortments reportedly are seeing department sales account for 13% of unit volume and some recently expanded and remodeled departments are hitting 20% of store sales.

But, if FedMart is to effectively compete with other West Coast discounters with strong apparel departments, the chain will need stronger department identification—visual merchandising improvements to draw customers' attention to the area, and better department configurations.

With two new Houston units and a Phoenix store coming on line during the first quarter of the current fiscal year, the chain's ranks swelled to 68 units.

Fred Meyer to Test Half-size Prototype

PORTLAND, Ore.—Fred Meyer, with sales expected to fall just short of $1 billion this fiscal year, is planning to test a new half-sized prototype in the rural Northwest this fall.

Officials said the first of the smaller stores—which will total about 80,000 sq. ft. in size—will be opened in Dalles, Ore., in November.

If the facility meets sales projections, company officials said, it could pave the way for a series of new smaller Fred Meyer stores in the coming years.

Chain executives said, though, that the company will continue to build the larger 175,000-sq.-ft. stores in suburban markets.

"This isn't a make it or break it situation, and we certainly aren't making a major break with the way we have expanded in the past," explained a company spokesman. "But exactly what we do in the coming years depends greatly on the results of the new store."

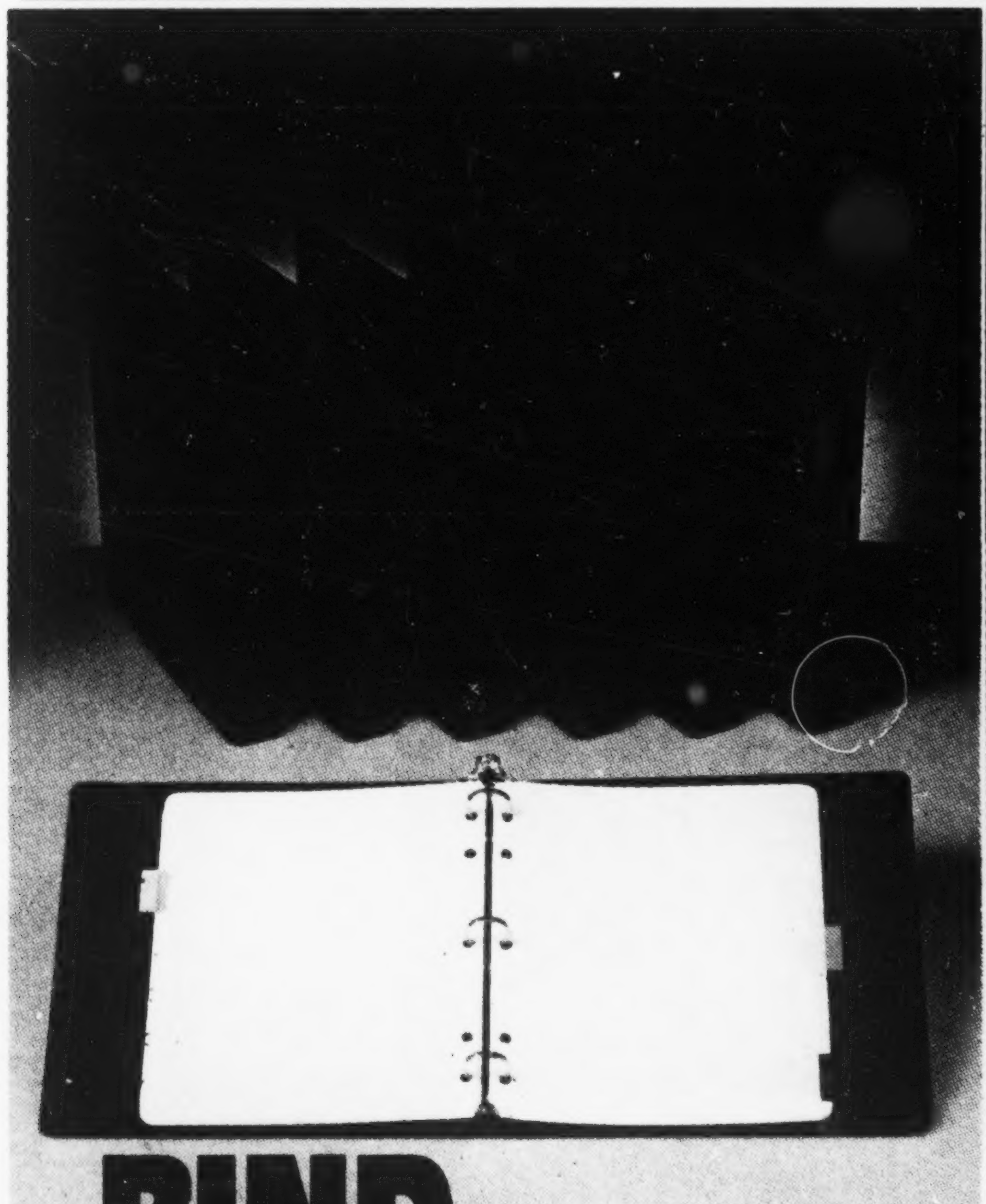
The announcement for the smaller prototype comes as the chain prepares to move significantly closer toward becoming a member of the $1 billion sales club.

Total sales this year are expected to total $958 million—up from the $840 million recorded last year. In 1980 an additional 480,000 sq. ft. will be added to the chain.

Part of the expansion will be from the three new stores that will be added to the existing 64 units by December.

According to officials, the new prototype will have a slightly higher percentage of space devoted to food—about 25,000 to 26,000 sq. ft.

The increased amount of space does not represent a change in thinking by company executives, who said the food to nonfood ratio will remain unchanged in the larger stores, but was generated by the floor space requirements commanded by freezers.



BIND information so it's easy to turn to with 3-Ring Binders and Indexes. On a desk, different colors make it easy to find the right one.

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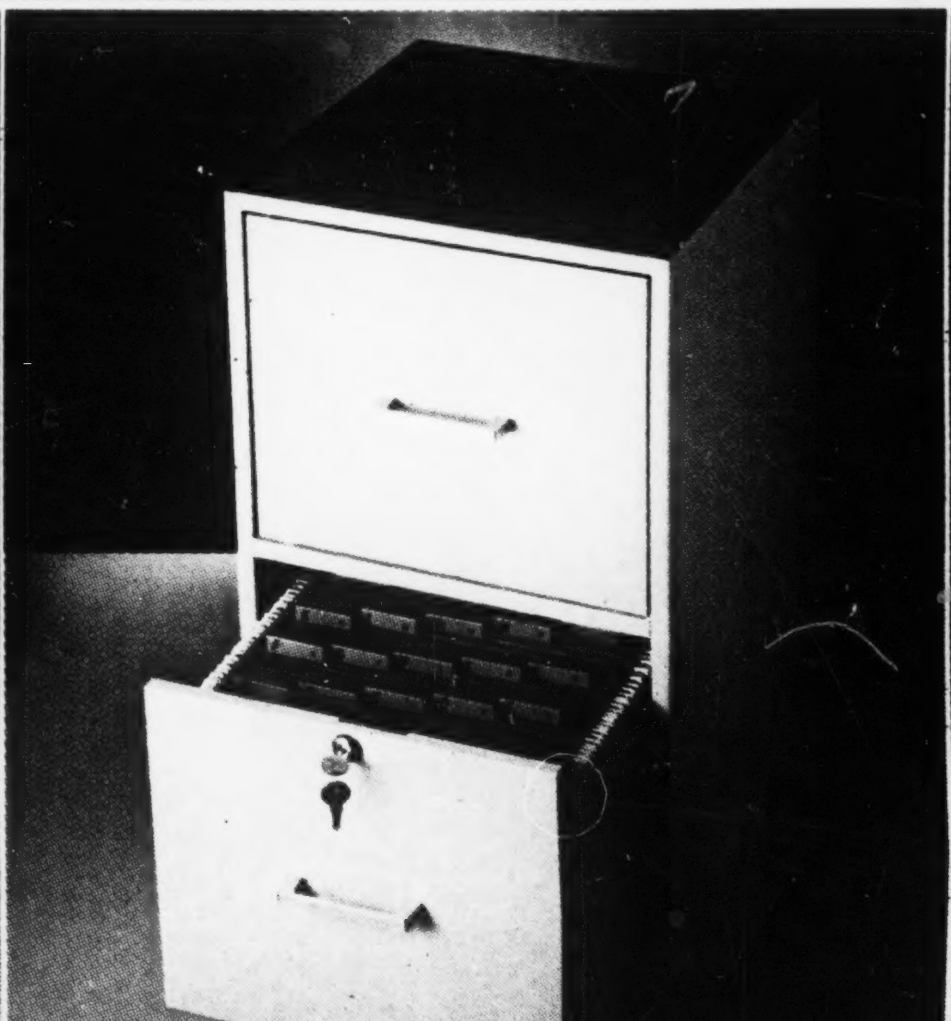

GET out of a box and into a Two-Drawer Steel File. On the inside, built-in rails support our hanging file folders. On the outside, bright decorator colors catch a customer's eye.

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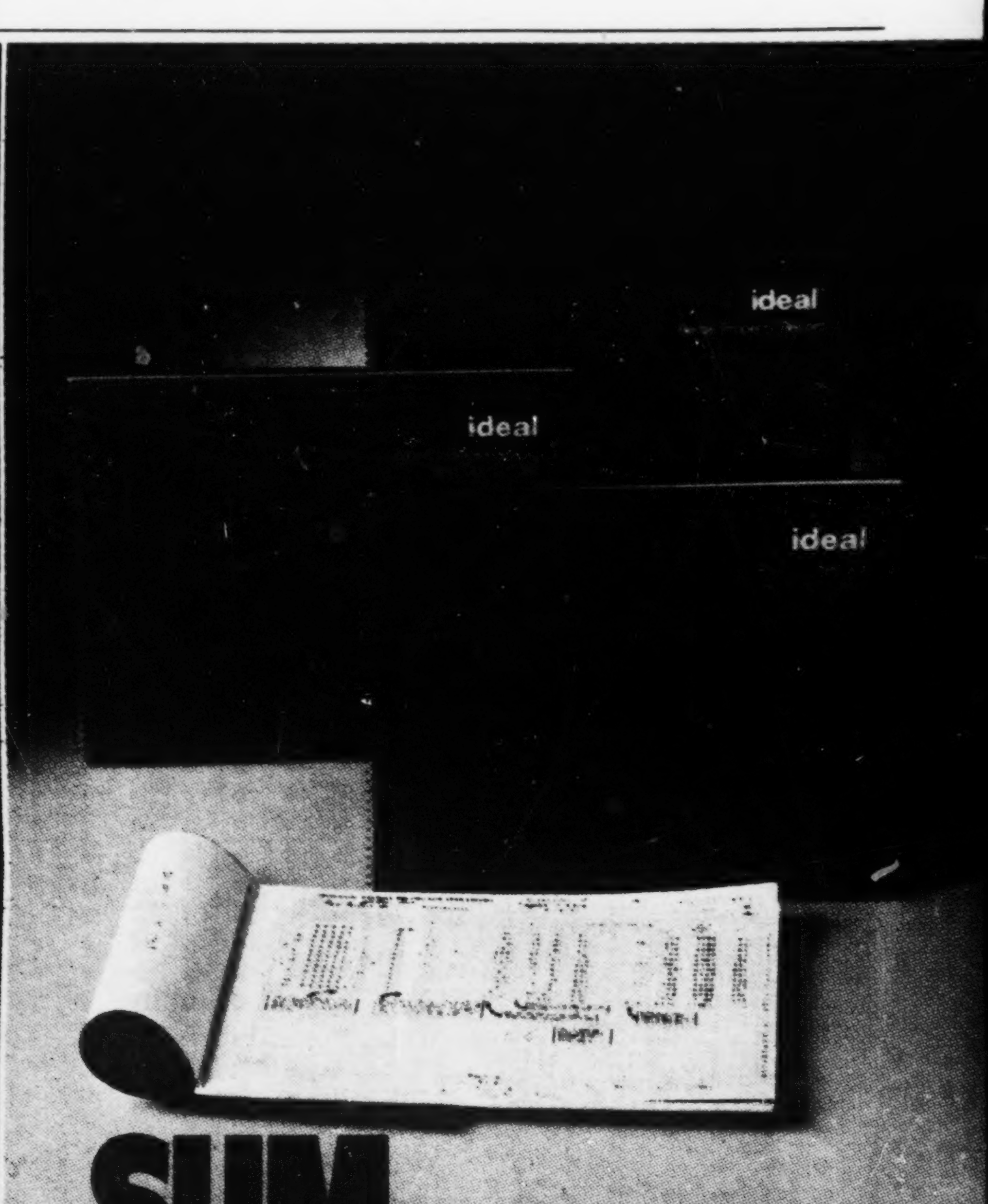


SUM up their business facts and figures with Ideal™ Simplified Accounting Systems. The spiral-bound books help in the professional management of small businesses.

HOME/OFFICE

Caldor to Invade R.I., Vermont

NORWALK, Conn.—Caldor will add two new states to its operating base with a store opening next month in Woonsocket, R.I., and another slated for Vermont in early 1981.

This year's expansion plans are part of a $10 million capital expenditure program aimed at boosting gross store space to 500,000-700,000 sq. ft.

Next year, Caldor management expects to open six to eight new stores (with the possible opening of another in Rhode Island and a couple in New Hampshire), all of which will conform to the conventional size of 85,000 sq. ft. and 80% selling space.

Caldor has opened five new stores this year, and by year's end will operate a total of 62.

(New Caldors were opened in March in Westfield, Mass., and Newburgh, N.Y. In May, the chain opened in Worcester, Mass., and in August, two stores were unveiled in Norwell and Chelmsford, Mass.)

Refurbishing of Caldor's 120,000-sq.-ft. two-level store in downtown Stamford, Conn., was completed in March. The store was given a new facade as well as a remodeled interior.

For the fiscal year ended Jan. 31, 1980, sales rose to $562.7 million, a gain of 18.3%. Net earnings gains outpaced sales, rising 27.6% to $19.7 million from $15.5 million the year before. The chain's projections indicate that this year sales were on target for the annual goal with an 18.9% increase to $276.4 million from last year's $232.5 million. Caldor's results are especially impressive considering the softening economy and gasoline shortages.

The new stores are receiving the upscale fashion apparel emphasis that was heightened in stores opened in 1979. This is part of an intensification of apparel merchandise designed to bring soft lines volume from 30% to 40% of total sales.

The added emphasis on high-margin soft lines began with Caldor's hiring of new merchandising personnel, and led to the inclusion of fashion fixtures, used most notably to highlight coordinates. Leonard Willner, the chain's new general merchandise manager, is negotiating with manufacturers of name brand apparel in an attempt to get their goods into the mix.

This fashion orientation has filtered down to the presentation of housewares, where remodeled departments now use ceramic floor tiles and natural wood displays to give a "Bloomingdale's" look to housewares items. Wicker, brass and copper products are sprinkled throughout the department.

Cook Resumes Bows With Two Due in '80

MAPLE HEIGHTS, N.J.—Though hard hit by the economic slowdown, Cook United is taking an aggressive stance. The chain is once again building new stores, opening two this year, and is experimenting with such innovations as in-store snack bars and "no-frills" box stores.

The chain has also launched a test of increased "home center" merchandising including lumber and paneling, hoping to attract the do-it-yourself market with discount pricing.

With stores clustered in major metro markets in the Northeast, where family spending has been seriously limited by severe layoffs in the auto and construction industries, sales have been flat and earnings have sagged. Soaring interest rates in the first quarter also adversely affected the chain.

For the fiscal year ended Feb. 2, sales for the discount division totaled $353.7 million and earnings for the division were $5.9 million. The chain projects sales of $359 million.

In addition to the two stores slated to open later this year, a remodeling program for existing stores is also under way. Last year approximately 10% of the stores were facelifted, including an upgrading of fixtures.

The chain is also tackling the strong competition it faces from other discounters in its market areas by relying increasingly on radio and TV advertising. To raise traffic, the merchandise mix has been broadened and highly promotable brand names are emphasized, especially in hard lines.

Parent Company Cook United operates 81 discount stores—Cook's, Clarks, Uncle Ben's, Ontario and Consolidated Sales Co.—whose average store size is over 60,000 sq. ft. Other corporate revenues are derived from six wholesaling companies.

Target Acquisition of Ayr-Way Nears

MINNEAPOLIS—Target is entering a period of dramatic growth, the keystone of which will be the pending acquisition of the 41-unit Ayr-Way chain.

Plans call for acquisition of the Indiana-based chain to be finalized around Oct. 1 at a price estimated to be between $25 million and $30 million.

If plans go as scheduled, the Ayr-Way signs will be replaced by the Target bull's-eye by Jan. 1.

The resulting change in ownership would give Target a particularly strong base in Indiana, where 32 of the Ayr-Way stores are located.

The takeover would also enable Target to stretch without interruption across half of middle America, hitting all of the major markets between its Minnesota headquarters and Memphis, its easternmost market.

With the opening of new 100,000-sq.-ft. stores last month, Target has also moved into Kansas and Tennessee for the first time.

Adding It Up

The new stores—three in Memphis and two in Wichita, Kan.—bring to 91 the number the chain operates currently in 13 states. The chain plans to grow to 175 units by 1985.

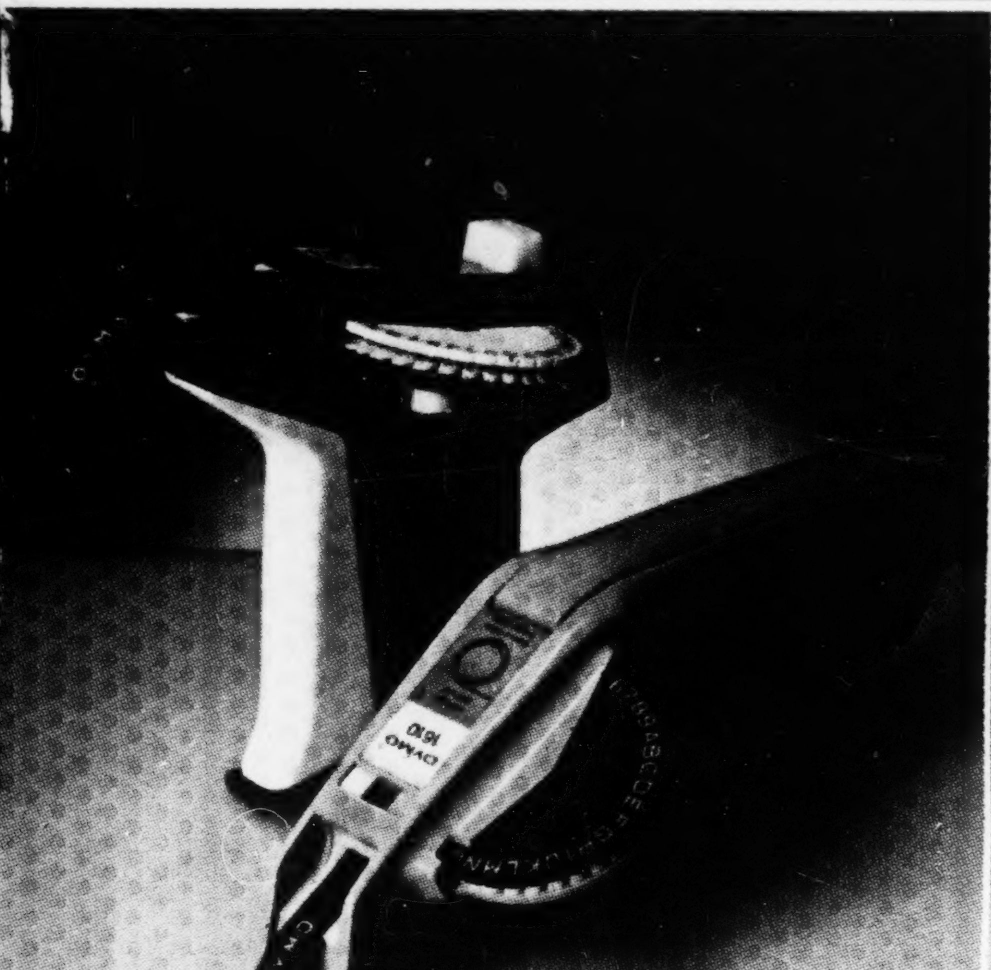
The expansion comes at the same time the chain is building a large distribution center in Little Rock, Ark.

The center, which will have the capacity to serve a total of 100 stores in the South and Southwest, is expected to be completed in 1981. It will further support the chain's drive into new markets.

With the marked growth, Target became one of only eight discount chains in the nation last year to reach sales in excess of $1 billion.

This year, despite an uncertain economy, prospects for the chain are even better, with company officials predicting a 25% growth rate, to about $1.4 billion in sales.

The strong growth is good news for Dayton Hudson, Target's parent company, which had been investing heavily in the discount operation over the last few years.



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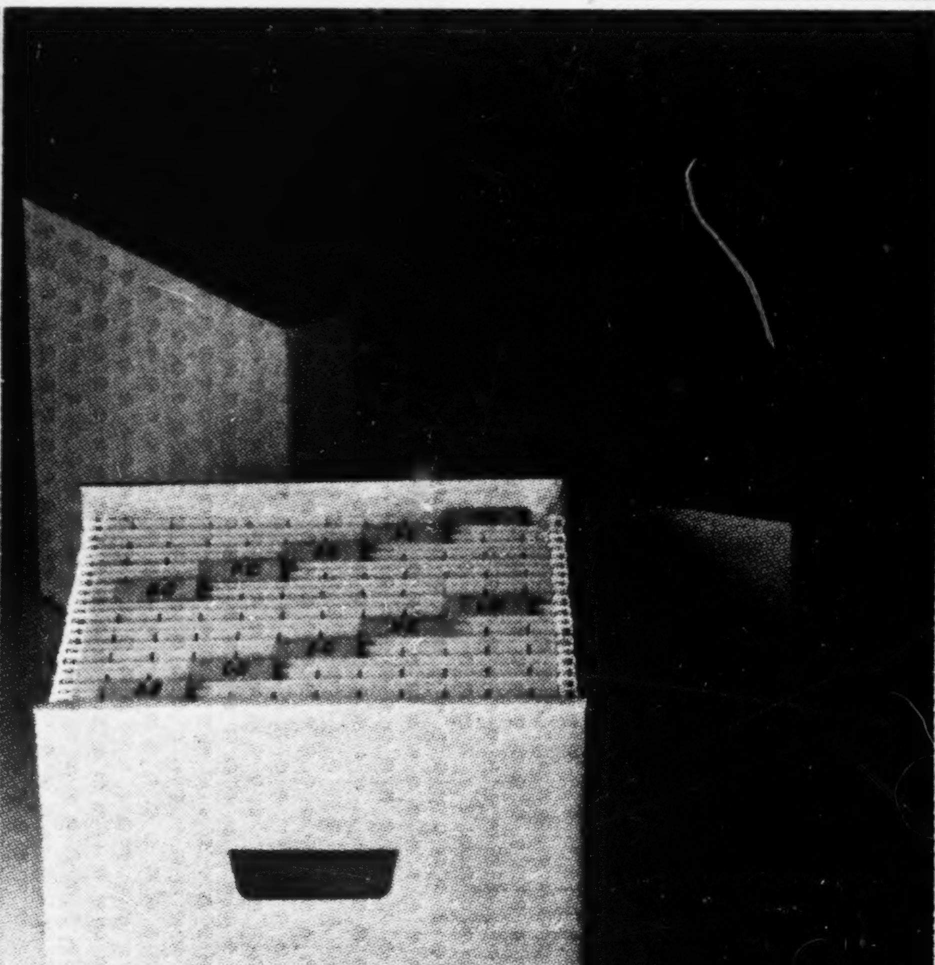

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Clinton Road, Garden City, New York 11530

Discountland: 19-Year Record of Sales, Store Growth

YEAR	TOTAL SALES IN BILLIONS	TOTAL STORES	NET GAIN OF STORES	TOTAL SQ. FT. IN MILLIONS	DOLLARS PER SQ. FT.	AVG. SALES PER STORE IN MILLIONS	AVG. STORE SIZE SQ. FT. IN THOUSANDS
1980	$60.50	7,736	470	546	$110.79	$7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

(a) Reflects 18-month period ended Dec. 31, 1974

(Source: DSN Research)

The one and only!

ONLY JAPANESE BEETLE TRAP WITH A SEX LURE

A unique, scientific breakthrough allows J.T. Baker to synthetically reproduce the natural sex attractant of Japanese beetles. While other traps rely on a floral lure alone, the BAG-A-BUG™ Japanese Beetle Trap's two-part bait system combines a floral lure with the exclusive sex lure. *Making the BAG-A-BUG trap up to five times more effective than any other trap. And customers know it!*

ONLY TRAP WITH POWERFUL ADVERTISING SUPPORT

TV. Reaching 92% of your customers an average of 6.4 times.
MAGAZINE. Full page, four color ads in top Garden & Shelter publications with circulation of over 7,600,000.
NEWSPAPER. Thousand line ads running in Garden Sections covering your market.

- Free dealer listings on TV and in newspaper ads.
- 100% paid dealer advertising plan.
- Display materials attract customer's attention.
- Attractive packaging sells itself.
- No killing agents to damage environment.
- Convenient, disposable bags minimize insect contact.
- Replacement bags, bait and stands create repeat sales.

While others may look like it— none sell like it.

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Philadelphia

(Continued from page 30)

urbs. Woolco was an anchor of the Rising Sun Plaza which opened in the city's northeast section late last year, the first new shopping center built in that area in almost 20 years. (It was Woolco's 15th unit in the market area.)

K mart is still the dominant discounter in store numbers, with 27 units ringing the city, but Jefferson/Ward's entry into the market will give the Michigan-based chain a run for the money. Jefferson/Ward's plans call for 20 units operational in the market area next year; five of the dozen former Two Guys are close to K marts.

In addition, while K mart stores are virtually all 84,000 sq. ft., Jefferson/Ward prefers a store size close to 120,000 sq. ft. (the former Two Guys stores were that large). This means that Jefferson/Ward will come close to K mart in total square footage in the market area. Both chains will have in the neighborhood of 2.3 million sq. ft. of store space (gross).

Trade-up Jefferson/Ward stores are distinct from K marts, of course. Ward chairman and ceo Edward Donnell claims they will be "competitive" in hard goods and "different in style, presentation and price" in soft goods.

Locally based discounter Clover, a division of Strawbridge & Clothier, is closest to Jefferson/Ward in its merchandising. Clover's 13 stores have a total gross square footage of 1.2 million sq. ft.

Clover has been expanding its store base slowly, and current plans call for two more stores to open next year. The hometown chain plans to open an 87,000-sq.-ft. store in April in Warrington, Pa., a community north of the city. The second store, also 87,000 sq. ft., is slated to open in August in Cheltenham, Pa. Cheltenham is in Montgomery County, highest suburban county in general merchandise sales, with an annual general merchandise volume in excess of $500 million.

With trade-up discounters and more basic operators continuing to build, and general merchandise spending continuing to boom—particularly in spots such as Gloucester County, N.J., where general merchandise spending has been growing in excess of 40% a year—both consumers and retail observers should see an interesting 1981.

Jefferson Expansion A Big Boost to Ward

MIAMI—Jefferson has become the growth vehicle for its troubled parent Montgomery Ward.

The discounter, under its own logo in Florida and under the Jefferson/Ward nameplate elsewhere, will double in size to 42 stores this year, and over the next three years will gain 120 units.

The reason for this fast-track expansion, executives of both companies have acknowledged, is that Jefferson offers Ward a different—and so far successful—way to compete with Sears, Penney and other retailers.

Ward needs a different retailng horse to back, as its heado-head race with other convenional department stores has een the company pile up losses n small sales gains.

The tip-off on Ward's backing or Jefferson is the parent comany's decision to convert 115 onventional stores to the disounter's upscale format and ogo over the next three years. This move will make Jefferson the Ward's arm in the eastern half of the country from Maine to Florida and extending as far west as the Mississippi River.

Ward brought Jefferson along slowly last year, letting the discounter operate seven acquired Almarts (which retained that name), then expanding the chain from its Miami base to Florida's west coast, and finally merging eight Ward stores in central Florida into Jefferson.

Jefferson was given its head this year; a new look that included a loop layout, fashion fixtures in apparel, and upscale displayers and focus walls were developed.

A number of stores acquired late last year were remodeled and unveiled under the Jefferson/Ward logo, including three ex-Murphy's Marts in Richmond, and then five vacant J. M. Fields in Philadelphia.

Gemco/Memco Sets Openings

BUENA PARK, Calif.—Gemco/Memco, the discount department store division of Lucky Stores, will grow to 83 units, totaling 9.2 million sq. ft., by year's end.

In 1981, the discounter will add 6-10 units.

Expansion plans for the second half call for Gemco openngs in Ventura,, Calif.; Northidge, Calif.; Tucson, Ariz.; and or a Memco unit in Greensoro, N.C., a new market area. A Gemco opened earlier this month in Las Vegas, its second store there.

In the first half of the year, he retailer opened a Memco in Winston/Salem, N.C., and a Gemco in Sparks, Nev.

(Gemco/Memco's daily operaions and expansion program will be spearheaded by Peter L. Harris, newly named presilent. Harris succeeds Morty Godlas who is continuing in his apacity as senior vice presilent in charge of general merhandise at Lucky Stores' corporate headquarters in Dublin, Calif.)

Memco stores are clustered around the Washington, D.C., area and Gemco units are conentrated in the West, espeially in California with the hain's headquarters here.

For the last completed fiscal ear, Gemco/Memco's average tore sales in the West reached early $25 million, with chainide sales totaling $1.52 billion. hese units achieved sales of 220 per square foot of general erchandise, nonfood selling area.

Wal-Mart Roars Toward $1.6 Billion Sales

BENTONVILLE, Ark.—One year after attaining the billion dollar mark in sales volume, Wal-Mart is roaring along toward its current sales goal of $1.6 billion despite the recession.

The fast-growing regional chain started the year with 276 stores, added 15 at midyear and plans to open another 35, for a year-end total of 326. Next year's plans call for 55 to 60 store openings.

Besides continuing expansion within its 11-state South Central market area, the chain is experimenting with new merchandising approaches, to some extent targeted to stores serving a more sophisticated suburban population than the chain's traditional small-town market. Two stores opened earlier this year in Pine Bluff, Ark., and Moore, Okla., on the outskirts of Oklahoma City, boast a race-track design and dramatically upgraded soft lines departments. "So far we're very pleased and we're learning," said soft lines vice president/gmm Richard Jolosky.

Although the upgraded soft lines tests are being conducted in stores close to large cities and the chain has been clustering stores in the vicinity of Fort Worth, Jolosky insisted that the chain had no "urban strategy." Most of the chain's units are located in small towns within a 400-mile radius of headquarters with populations between 5,000 and 25,000.

For the fiscal year ended Jan. 31, the chain reported net income of $41.2 million on sales of $1.2 billion, an increase of 40% and 30%, respectively. For the six months ended July 31, the chain maintained the pace, reporting earnings up 32% to $20.6 million on sales of $687.2 million, an increase of 30% over the previous six-month period.

The chain's strong performance has attracted favorable comment from Wall Street analysts who attribute the consistent growth to the chain's small-town strategy, efficient distribution network and an aggressive promotional posture. "We project a compound annual earnings growth rate of 20% during the next five years," said Robert Roth, an analyst with Merrill Lynch, "predicated on continued rapid store expansion and market share gains as well as highly effective operating controls." Roth also noted that same-store sales have been unusually strong, scoring in the double-digit column for 20 consecutive quarters.

Wal-Mart reports good sales in its apparel division, despite reports that apparel sales nationwide have declined in the last 18 months. Apparel now accounts for about 30% of total revenues but is expected to increase to 35% of the mix.

The upgraded apparel presentation at the recently opened prototype stores include the race-track layout, carpeted fashion areas and fashion fixtures. Merchandise, however, is said to be the same as that offered by the rest of the stores. The increased cost of the upgraded departments—mainly fixture, lighting and signing costs—is expected to be offset by faster moving inventory.

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- **Arkla LP Gas Gauge.** So your customers can **see** how much gas is in the tank.
- **Limited Warranty.** It's for five years and covers cast-aluminum lids and bottoms.
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We got it all, so you can sell to all.
A complete line of seven Towne & Country gasgrills. From table-tops for high-rise balconies to big chefs for luxurious family cookouts. And let's not forget the delicious profits you can cook up from Arkla's proven line of accessories.

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More Ad $$ Go to Suburban Shoppers, Weeklies

Nationwide DSN Report

It's not happening everywhere, but as competition gets fiercer and ad costs keep climbing, discounters report that more of their ad budgets are being diverted to small suburban shoppers and weeklies and away from their traditional ad medium, city dailies.

The reason: The suburban papers—both shoppers and paid-circulation weeklies—take better aim at target customers for a fraction of the cost.

In the Denver market, for example, Woolco has begun shifting some of its ads from the daily *Rocky Mountain News* and *Denver Post* to a group of 17 weekly publications.

A company spokesman said the results have been "impressive" and that it appears weeklies—if used properly—can provide the same sales results as dailies at a much lower cost.

Ohio-based Rink's is currently doing about 2% of its advertising in weeklies, and company officials expect that percentage to continue growing.

Stronger Impact

The greatest value of the weeklies, according to a Rink's official, is that they are frequently better read and more widely circulated in rural areas than the dailies.

Although no precise statistics are available, the most advanced example of weeklies gaining strength in wooing discounters' advertising may be in St. Louis, where a collection of 34 suburban publications formed Suburban Papers of St. Louis to offer retailers a combined circulation greater than either of the two dailies.

One of the reasons for the weeklies' growing popularity, explained discounters, is their lower cost. A full-page ad in the *Rocky Mountain News* (circulation 300,000) runs about $1,000, according to a Woolco spokesman. The same ad in the Sentinel Papers—a collection of 17 dailies with a circulation of 210,000—is only $400. The Woolco spokesman said the price advantage of the weeklies becomes even more apparent when circulation figures are examined. Many of the *News'* papers are sold at newsstands far outside the Denver market; all of the weeklies are distributed at home.

Prices for tab inserts in weeklies vary, but discounters said the weeklies hold an advantage there as well. Insertion rates range from $20 to $50 per thousand, but in any market, average at least $10 below the dailies.

The greatest value with weeklies, however, has been their operational flexibility.

Many daily newspapers require advertisers to go ROP with standard advertisements. Those that don't require that ads run in entire regional editions.

Dailies are often equally as inflexible with tab inserts. Discounters said they can run any number they want, but have little control over where they are sent.

With a chain of weeklies, however, a discounter can limit his ad to only one newspaper, which may have a circulation as small as 1,500. Likewise, with tabular inserts, a discounter can decide who gets his circulars on a block-by-block basis.

In Denver, for example, Woolco originally put tabs in all 210,000 copies of the papers, but now finds it can be just as effective by limiting its circulation to 110,000 by strategically determining where each copy goes.

Different Emphasis

"We did couponing tests and found that the people in a Denver suburb weren't crossing a certain highway to get to one of our stores," explained a Woolco executive. "So we said to ourselves, let's just not advertise on that side of the highway any more."

Samuel Lee, Rink's advertising director, said weeklies have also proven valuable in promoting an item like carpeting, which only one store in a market may carry.

"If one store needs an extra push, we've found the weeklies helpful," he said.

Several chains surveyed said they were avoiding weekly publications because there was uncertainty as to how many of the publications are actually read. Many weeklies, discounters said, offer free subscriptions, which are generally not as extensively read as a paid publication.

In addition, paid publications are more frequently taken to work, and may be read by more than one person on the train or bus.

Spokesmen for Zayre and New Jersey-based Two Guys said their companies may be getting the best of both worlds by relying heavily on daily suburban-based publications.

A Zayre spokesman said in many cases suburban dailies are even more extensively read than weeklies or other dailies from nearby big cities.

To reach people in the Framingham area, for example, the 44,000-strong *South Middlesex News* is frequently a better medium than the Boston papers.

A Two Guys official said because there are few discounters in the urban areas it makes more sense to rely on suburban dailies. He said their coverage has given the chain "a phenomenal umbrella."

The Woolco official cautioned, however, that many discounters may be underrating the weeklies. Coupon tests performed by the company in the Denver area over a six-week period last November and December indicated that in many cases the drawing power of free weeklies was "surprisingly strong."

Barkers' Phillips Joins FedMart

SAN DIEGO—Jack Phillips, former vice president/general merchandise manager of New York-based Franklin Stores and Barkers, retail divisions of Cornwall Equities, is FedMart's new divisional merchandise manager—women's apparel. He replaces Ellen Geiss who left the same company.

Phillips is responsible for merchandising women's dresses, coats, sportswear, loungewear and intimate apparel.

Prior to his affiliation with Franklin, a specialty apparel chain, and Barkers, a discounter, Phillips was associated with Abraham & Straus in Brooklyn, N.Y., for 18 years. The last position held with A&S was divisional merchandise manager—ladies' wear, home furnishings and shoes for the budget stores.

THE PROCTER & GAMBLE DISTRIBUTING COMPANY

GENERAL OFFICES P. O. BOX 599 CINCINNATI, OHIO 45201

TO THE DISCOUNT INDUSTRY:

We were very honored to receive two Supplier Performance Awards by Retail Category at your August 10th presentation dinner. These coveted SPARC awards mean even more to us because at the same time you were honoring two people who have made such outstanding contributions to the Discount Industry: Sam Walton and Carl Bennett.

Your awards also gave us a great sense of pride and encouragement—because typically, P&G brands are not the lowest priced available.

This doesn't mean we're not interested in being competitive.

But what we're most interested in is offering consumers the highest quality, best performing products possible, at the most reasonable price that's practical.

In a word—value. That's the basic ingredient in every one of our brands.

And when you can offer name brands like ours, Tide, Downy, Crisco, Pampers, and Crest—at attractive prices—we think everybody benefits. You. Us. And your customers.

Your industry is burgeoning. It's exciting. And we're certainly delighted you have determined that a number of our brands have a place in it.

Again, our sincere thanks for a coveted honor. It is and will continue to be our objective to provide brands and services which merit your business.

Sincerely,

Alex Keller

Alex H. Keller
Manager, Customer Services

Good Omen: Compromise Marking System Test Due

The OCR-A vs. UPC debate in recent years resembled the East and West of the old Kipling rhyme; it seemed retailers and vendors would never meet. But, one of next year's promising developments in operations will be trials of a compromise merchandise marking system.

The move is significant. Pretax profits have increased a full 2% at supermarkets which have introduced scanning equipment. A similar boost to the bottom line of any discounter (primarily from reduced labor costs) would give that chain an edge in competitive pricing of its merchandise.

Caught in a Squeeze

The controversy over which marking system to use has held up advances in tagging merchandise for some time. As an executive of Salt Lake City-based Grand Central put it: "The real need is standardization, be it OCR or UPC."

Discounters have been holding back their commitment to either marking system, for the most part. Only 11% of discounters, in a DSN survey conducted this year, currently use OCR-A, vs. 4% using UPC.

This does not mean there is no preference; 56% of chain executives polled by DSN said they were in favor of OCR-A and only 30% preferred UPC. Almost one-quarter of the respondents expected to be using OCR-A within a one-year time frame, and another quarter expected to be using it in the next two to three years.

Despite this preference, the fact remains that almost half of the merchandise flowing through checkouts in an average discount store is already marked with the familiar UPC black bars. Vendors using UPC have been reluctant to implement another system when UPC has proven so effective already in one retail segment (supermarkets).

Now that a compromise marking system has been worked out by a retailer-vendor-equipment-manufacturer group, some in-store experience should be available to the industry by the end of next year. This could be as important as the first tests of UPC after its development in 1970 by a joint retailer-vendor group. Field tests in a Kroger supermarket in Cincinnati found by 1972 that five automated checkouts could replace seven manual units.

OCR-A was developed by a voluntary group in league with the National Retail Merchants Association, and this same group has now issued guidelines for marking merchandise that will combine OCR-A and UPC elements.

The compromise system could erase many of the sticking points in the OCR-A vs. UPC debate. One of the main complaints by discounters has been that OCR-A type is readable to consumers, while the UPC bars are not.

Another complaint by discounters, however, has been the ease of in-store marking with OCR-A. Printers already owned are more easily adapted to OCR-A type than to UPC marking.

A Closer Look

The wait-and-see attitude at many chains may bear fruit by the end of 1981. Wal-Mart is taking the bull by the horns and running a test on UPC this fall and next spring, which will no doubt be watched closely by others in judging the cost-effectiveness of such a move.

One store is being used for the test this year, while a second Wal-Mart will be added to the test next year. A dozen central checkouts will use slot scanners and area checkouts in the stores will use wands. Soft goods will also be marked with a UPC ticket which can be passed across a slot scanner.

The ability to scan—by whatever marking system—represents a significant potential to cut operations costs. Not only can labor costs be cut at the front end of a store (as the early Kroger experiment showed), but labor in marking merchandise can be cut drastically. Accuracy of data capture is also increased.

Labor is by far the most significant expense incurred by discounters, and a cost which is hard to control as minimum-wage levels climb. Latest figures from the National Mass Retailing Institute show labor costs climbing from 11.9% of sales to 12.1% of sales as an industry average. Most chains are within the 11%-13% of sales range for labor costs.

Vendor marking of goods can reduce marking costs at chain level by 75%, some tests at department stores show, while supermarket scanning operations suggest that checkout labor can be cut more than 25%.

Accuracy in scanning also contributes to the profit potential. Estimates of wanding and slot-scanning accuracy by discounters range upward from 95% to 99%, compared to an accuracy in data capture of 70% to 87% when a cashier enters information manually at the checkout. Additional savings can be accrued because automatic entry prevents cashiers from giving "sweetheart" prices on goods to a friend or relative.

It makes sense for discounters to purchase POS equipment compatible with wands or slot scanners. Payback on equipment costs now hovers around two years, according to one manufacturer estimate. The development of a compromise marking system, as well as additional tests on OCR-A and UPC in discount stores will benefit the entire industry.

Discounters as a whole are still moving into POS equipment; 39% of the industry reported they were fully POS-equipped in a DSN poll, 42% were partially equipped, and 19% had no POS installations to date.

Different Procedures

There is great range in the industry at present. Chains such as Caldor, Target and Bradlees have all (or virtually all) stores equipped with POS terminals and are experimenting with advanced uses of their systems such as credit verification. Others (Zayre, FedMart, Two Guys, Barkers) have been beefing up their systems. Some (such as Murphy's Mart) are experimenting with small groups of stores before going chainwide in a program.

K mart has a smaller percentage of its stores equipped than many chains, because of sheer size of the chain and the high cost of conversion. Per-store cost in the industry averages $107,000 for the move to POS equipment.

A day in the small world of Gerber begins with a call from your Gerber representative.

TUESDAY 10:15am

Your Gerber Representative is eager to tell you about the best quality child care products you can carry. Each one of the over 400 items is designed and manufactured with care, and backed by the name mothers have trusted for more than fifty years.

And your dollars are backed with a complete range of retail marketing programs, including advertising, merchandising, displays, special sales and promotional allowances.

Why not let your Gerber Representative help you plan a child care department that means extra profits for you and extra convenience for your customers? You can stock a large variety of items from a single invoice when the name on top is Gerber. And your customers will be glad you did.

Gerber Knitted Underwear.
We've woven 100% cotton into a full line of comfort-fitted underwear that's guaranteed not to shrink out of fit even when machine washed and dried. Be prepared to hear your customers praise our line. And in a $70 million retail market, praise means profit.

Gerber Sterilizers and Feeding Appliances.
Our full range of feeding dishes, sterilizers and bottle warmers represents high quality to your customers and high unit sales to you. The feeding appliance market is at $30 million retail and growing. And who knows more about feeding babies than Gerber?

Hankscraft Steam Vaporizers and Cool Vapor Humidifiers.
Hankscraft vaporizers and humidifiers have been long-time favorites with doctors and parents alike. Our rigid requirements for safety, convenience and durability have made Hankscraft by Gerber the number one selling line of portable vaporizers and humidifiers in a $60 million retail industry. And our generous allowances mean extra traffic-building promotional dollars for you.

Gerber Nursers and Nurser Accessories.
Gerber has this more than $100 million retail category covered with a full range of high quality nurser systems and related accessories. Mothers are particularly enthusiastic about our disposable nurser system, which features a snap-off hood, a stand-up nipple, and ounce markings printed right on the disposable bottles.

Gerber Diaper and Carry-All Bags.
Even the busiest mothers want to travel in style. That's why they'll be spending $15 million on diaper and carry-all bags this year. And Gerber's wide selection of styles and prices is designed to see that you get your share of the sales.

Gerber Vinyl Pants and Bibs.
Last year, over $45 million retail were spent on vinyl pants and bibs by customers like yours. Gerber accounted for 50% of the pant sales and 20% of the bib sales. In short, no one sells more vinyl babywear than Gerber. This year, the vinyl pant 3-pack will go a long way to increase unit sales even further. So make sure you get your share.

The small world of Gerber is more than baby food.

Gerber®
Babies are our business... and have been for over 50 years.
Gerber Products Company, Fremont, MI 49412

Turnaround Still Goal at Venture

ST. LOUIS—Despite some preliminary indications that things are improving at Venture—a chain plagued for nearly two years with serious out-of-stock problems—chain executives report that the nation's deepening recession has "muddied" the bottom line and that it may be early next year before anyone knows for sure if the 45-unit chain can be turned around.

At a time when discounters are faring better under the strains of the economy than mass merchandisers, Venture's sales gains continue to lag behind those of parent May Company's department stores.

Figures for the first half of 1980 show sales rose by only 3.4% for Venture, compared to the 4.8% rise for sales from May's department stores.

Venture's somewhat slow showing comes as chain officials are implementing a company-wide planogram system, changing buying procedures and trimming personnel in an attempt to ease the out-of-stock position.

The changes were among the major steps taken by Ira Quint, a Sears veteran hired as president in early 1979.

Quint and other officials at the chain have been unwilling to comment but store personnel throughout the chain have said the planogram implementation appears to be the most significant step he has taken to date.

The planogram has existed for several years, they said, but was generally used only for adjacencies and not for detailing shelf-by-shelf stocking patterns.

The glimmer of hope chain officials said they noticed in sales figures occurred in January and again in March when the store-for-store sales gain was 8.3%—compared to the 2.6% drop recorded in early 1979.

Things fell apart in April, however, when the money supply tightened and sales dipped. Venture recorded $38.3 million in sales during the month—a 2.8% drop from April 1979.

In May, sales righted themselves and the company recorded a 1.5% increase in both total volume and store-for-store sales over May 1979. The sales gain in June was a scant 0.7%.

"We think that we've got the problem under control," explained one May official, "but because of the economy we just can't say we've turned the corner in terms of figures yet."

Earnings in fiscal 1979 totaled $8 million—down 33.3% from $12 million in 1978.

Rose's Follows Upgrade Trend In Soft Lines

HENDERSON, N.C.—Rose's is vigorously pursuing its drive to dominate the rural market sector it has carved out in 13 Southeastern States.

Like other major discounters, Rose's is upgrading its soft lines and introducing upscale merchandising techniques. It is also seeking to cut costs by applying space age inventory control as well as finely tuned sales and payroll projections.

The chain, which rang up a healthy 18% earnings increase last year, maintained that rate with earnings of just under $800,000 for the 13 weeks ended May 1. Sales, which had dipped last year due to a continuing policy of closing the older and less profitable P. H. Rose variety stores, increased 6% in the same period this year to $107 million. For the current fiscal year sales of $527 million are projected.

The chain currently operates 227 full-line discount stores including about 65 of the smaller variety stores. A total of 235 stores will be on line by the end of this year. Most of the newer stores are takeovers, which have lower long-term rental costs in comparison with new buildings. At the same time, extensive renovations of existing stores are under way.

To supply the remodeling program, the chain operates a fixtures plant at its headquarters. It also manufactures a line of wooden lawn furniture which it sells through its stores.

Tenn., Pa. Umbrellas Are Widened by Hills

CANTON, Mass.—Hills moved to solidify its market position this year in two of the 11 states in which it operates.

The new Decatur, Ala., unit opened this July, is an extension of the chain's seven-unit entry into close-by Tennessee in 1979. Another new store is slated to open in Nashville, Tenn., in October, making it the fourth Hills in that city. Eleven Hills units are currently operating in Tennessee.

Stores in Irwin and Pittsburgh, Pa., opened this summer, will be joined in October by another Pennsylvania unit, this one in North Versailles.

Two more stores, one in Sharon, Pa., and a second new store in Pittsburgh, are on board for spring 1981 openings. These units will stretch gross square footage by an extra 640,000.

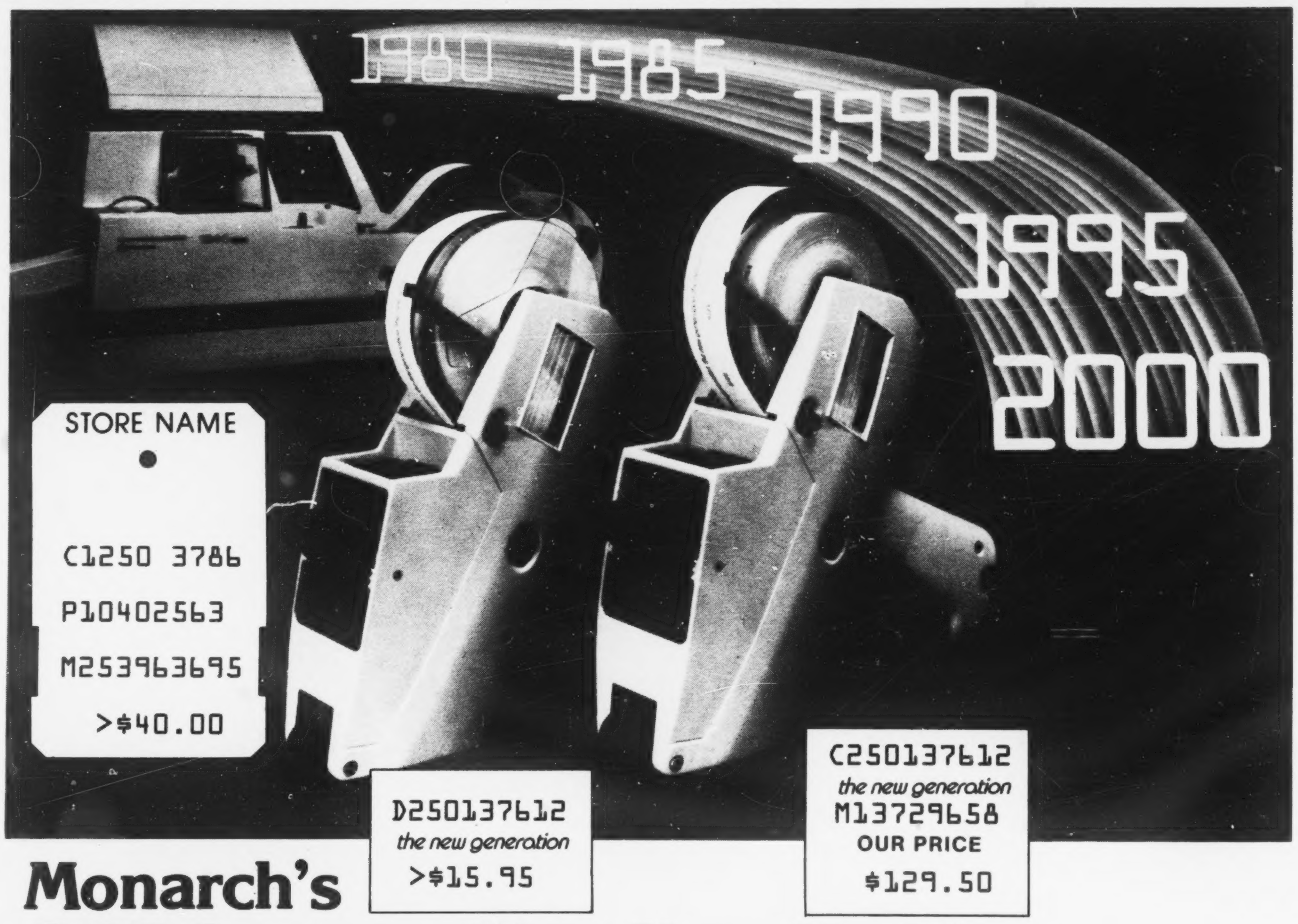
All new stores follow the 80,000-sq.-ft. prototype, of which generally 83% is selling space. By the end of 1980, the chain will have 84 stores, and approximately 6,340,000 sq. ft. of gross store footage.

During 1980, Hills "found" more than 1,000 sq. ft. of additional selling space in some older locations by converting excess backroom space to sales, and by making better use of corner sections where space was previously wasted.

An additional 20 to 25 older units are currently being remodeled with uniform signing and updated fixturing.

In the latest completed fiscal year, Hills accounted for 71% of parent SCOA Industries $880.2 million in revenues, and 76% of SCOA's $59.9 million pretax earnings. Operating earnings advanced 34% to $45.4 million, while sales increased 19% to an estimated $580 million.

A similar performance is expected for this current fiscal year. Hills officials projected a 17.2% sales gain to $680 million.



Monarch's OCR Systems Meet Your Marking Needs Today...Anticipate the Future!

THE NEW GENERATION...

Today, Monarch OCR marking systems are providing retailers with the ultimate in productivity, print quality and reliability. They're the culmination of years of refinement, ready to provide you with an optimum return on your investment, ready to complement the overall effectiveness of your retail control system.

Monarch's years-ahead "Console" Model 1644 offers four lines of 10 characters each to satisfy virtually any data format. Built-in "people engineered" features and non-stage printing simplify operator procedures, end problems, enhance productivity and profits, eliminate costly tag waste.

And Monarch's bold "New Generation" of hand-held labelers offer more benefits, enhance productivity more than any other line of portable OCR systems, period! Two new models incorporate the best of everything we've learned from other models, perfected with advanced design technology. Only Monarch could do it...such a high level of productivity at a price so low you'll hardly believe it. They assure you of quality printing and reliability in a portable OCR labeler. Model 1270 offers two lines of 10 characters each, and Model 1280 three lines, 10 characters each...both are *covered by written warranty for two years* on parts and labor.

THE NEXT GENERATION...

You are aware of our committment to marking effectiveness for generations still to come. You can be assured that work is in progress right now on Monarch's next generation of OCR Systems!

TOMORROW'S SERVICE SUPPORT...HERE TODAY!

Importantly, Monarch keeps your system "up" with the industry's biggest, best service network, ensuring on-going support for your Monarch marking equipment.

For more information, write: Monarch Marking Systems, Inc. P.O. Box 608, Dayton, Ohio 45401, or

CALL TOLL FREE:
800-543-6650
(In Ohio, call 800-762-6600)
Phone lines open 7 a.m. 'til Midnight, Eastern Time, Monday thru Friday.

Monarch Marking
A Pitney Bowes Company

See Us At The N.R.M.A./E.D.P. Conference October 19-23...Booth 23!

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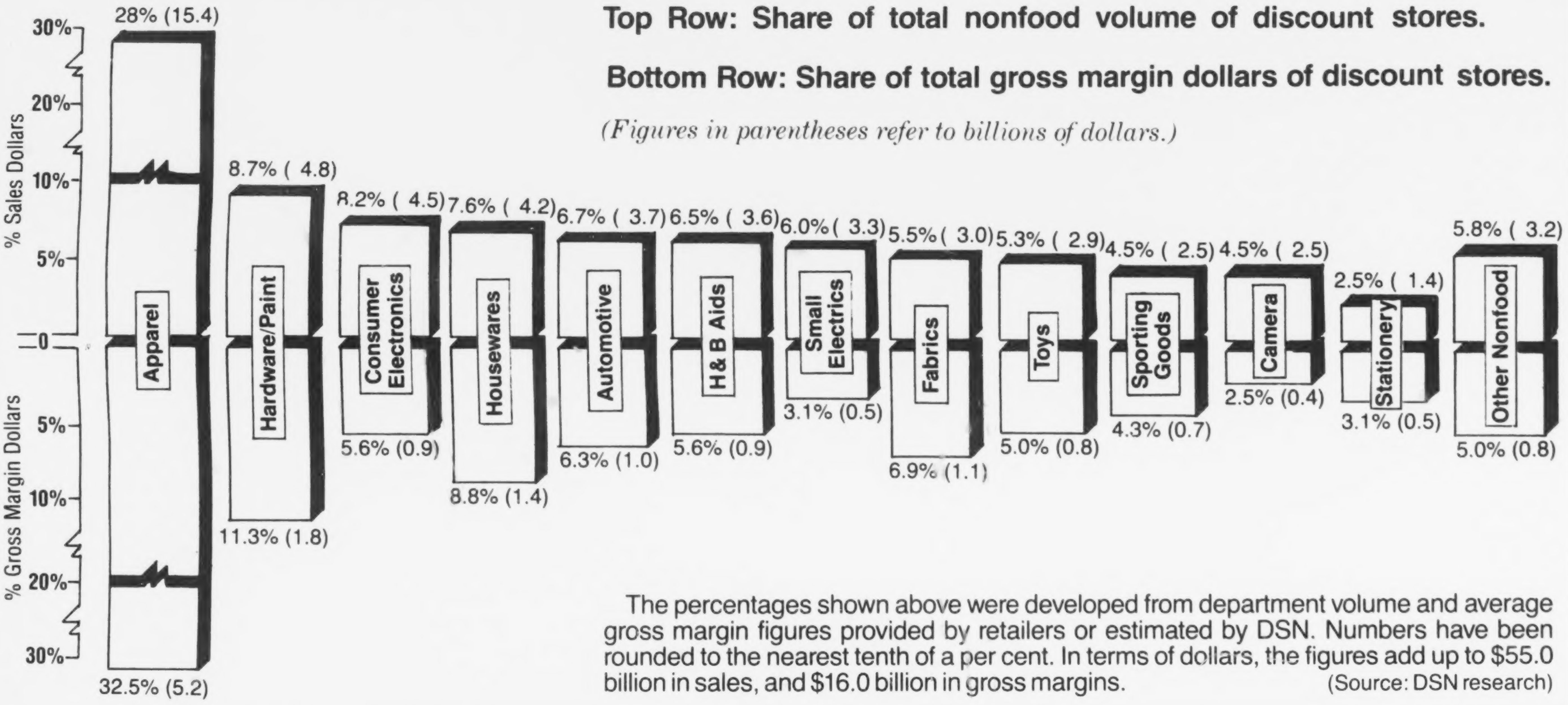
1980-81 DISCOUNT STORE CENSUS

PART 2:

MERCHANDISING PROFILES

How Key Categories Contribute to Store



Top Row: Share of total nonfood volume of discount stores.

Bottom Row: Share of total gross margin dollars of discount stores.

(Figures in parentheses refer to billions of dollars.)

The percentages shown above were developed from department volume and average gross margin figures provided by retailers or estimated by DSN. Numbers have been rounded to the nearest tenth of a per cent. In terms of dollars, the figures add up to $55.0 billion in sales, and $16.0 billion in gross margins. (Source: DSN research)

Productivity Is on the Rise

Improved operating efficiencies and trade-up merchandising continued to push discount store bottom lines upward.

In apparel, for example, improved turns and sales per square foot were boosted by the addition of fashion merchandise into the mix and the display of traditional goods on fashion fixtures.

However, it was in hard lines, most notably photo and camera, that discounters reaped the highest number of gross profit dollars—$82 a square foot—despite footballed margins.

Other top performers were automotive, generating $58 in gross profit on a square-foot basis, and personal care electrics, which produced $45 in gross profits per square foot. Jewelry maintained broad margins, and generated $79 a square foot toward discounters' gross profits.

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Ladies' Apparel Wins Sales Race

Category	Discount Volume in Billions	Sales Per Store in Millions	Dept. Size	Annual Sales/ Sq. Ft.	Annual Turns	Initial Markup	Gross Margin
Ladies' Apparel	$7.9	$1,024	9,990	$103	5.6	44%	36%
Men's & Boys'	5.3	682	7,560	90	3.7	41	35
Housewares	4.2	543	5,734	95	4.2	38	34
Automotive	3.7	491	2,280	215	4.5	33	27
Health & Beauty Aids	3.6	465	2,240	208	4.3	30	25
Hardware	3.6	461	3,215	143	2.9	42	37
Consumer Electronics	3.2	416	2,000	208	3.0	26	21
Toys	2.9	375	2,660	141	3.8	36	29
Sporting Goods	2.5	323	2,500	129	3.1	35	28
Photo & Camera	2.5	323	670	482	3.6	23	17
Domestics	2.0	259	3,120	83	3.6	40	36
Personal Care Electrics	2.0	256	900	284	4.2	22	16
Stationery	1.4	181	1,750	103	4.2	43	39
Small Electrics	1.3	171	900	190	3.9	24	16
Records & Tapes	1.3	169	1,050	161	4.4	25	18
Paint	1.2	160	1,270	126	2.7	42	37
Fabrics & Sewing	1.0	129	1,400	92	2.8	42	35
Jewelry	0.9	109	550	198	3.1	48	40
Glassware	0.4	50	600	83	4.2	42	37

(Source: DSN Research)

CONSUMER ELECTRONICS

13-in. Color Sets to Turn on Choosy Shoppers

BOXSCORE

Consumer Electronics	
Discount Store Sales	$3.2 billion
Sales per Store	$415,504
Department Size	2,000 sq. ft.
Annual Sales per Sq. Ft.	$208
Annual Turns	3.0
Initial Markup	26%
Gross Margin	21%

The high cost of fuel put a crimp in people's vacation plans, but discounters find it is increasing the demand for portable televisions, shown here in Rose's, Millsboro, Del. *(DSN photo)*

Shoppers will be choosier than ever in 1981, but may be enticed with flashy displays and good promotions to spend more on consumer electronics than they did in 1980.

Buyers are predicting that next year's hot items will be 13-in. color televisions and the new lines of compact stereo systems that were recently introduced.

Also pinpointed as future strong sellers are radios—particularly those loaded with features (AM & FM and cassette operation) and offered at a promotional price.

The optimistic predictions countered more cautious talk from discounters who until earlier this year said they were fearful that the deteriorating economy could have a disastrous effect on them.

Ironically, the high price of fuel that is helping to speed along inflation is also keeping more people at home, and helping spark the sale of home entertainment devices.

K mart was recently promoting a 13-in. color portable television for $348 that had push-button tuning. At Jefferson the big item was a 10-in. portable that sold for $238. The chain was also promoting a 19-in. model that went for $299.

Black and white televisions are moving somewhat slower, however, and some discounters have been complaining that the market—already loaded with scores of low-priced promotional televisions—is saturated.

Most major chains have been promoting black and white (private label) models for under $90. Jefferson is promoting one for $68 and T.G. & Y. has a 12-in. model that's selling for $69.

In portable and clock radios, buyers for many major chains predict that brand names will continue to do well.

They said, however, that there will be an increasing tendency for shoppers to go for a lesser-known make if it has plenty of features and is being sold at a promotional price.

Community Family Centers, based in Chicago, reported earlier this year that its best-selling portable radio was an AM-FM that played both cassettes and 8-track tapes.

Most of those surveyed have said they expect the radios—particularly those in the mid-

(Continued on page 60)

SCOTCH® CASSETTES.

SOMETHING FOR EVERY RECORDING ARTIST THAT COMES INTO YOUR STORE.

TAPES

Scotch® Recording Tape: one of the best-selling brands of blank recording tape in the country today. It's hardly surprising. Customers like the true, pure sound they get from Scotch, whether they're recording voices on a portable or getting together some traveling music for a car stereo.

Here are four profit-oriented points.

Great selection. There's a Scotch Recording Tape to meet every customer's needs and musical tastes. Scotch Dynarange® is a great example. You can't sell a comparably priced tape that gives a user better sound. Then there's Scotch Highlander®. It gives users maximum sound quality at minimum cost. It's just great for portable tape recorders.

Different tape types. You can be sure of matching your customer's recording equipment, too. Scotch comes in cassettes, 8-track cartridges, and open reel. All tape comes in a variety of lengths.

National advertising. Scotch Recording Tape is backed up by powerful advertising again this year, including print and radio. The Scotch line will be in front of potential "recording artists" all year round.

Outstanding reputation. The most important point of all. Your customers know the Scotch name. They look for it when they're shopping for blank recording tape. They remember it when they buy on impulse.

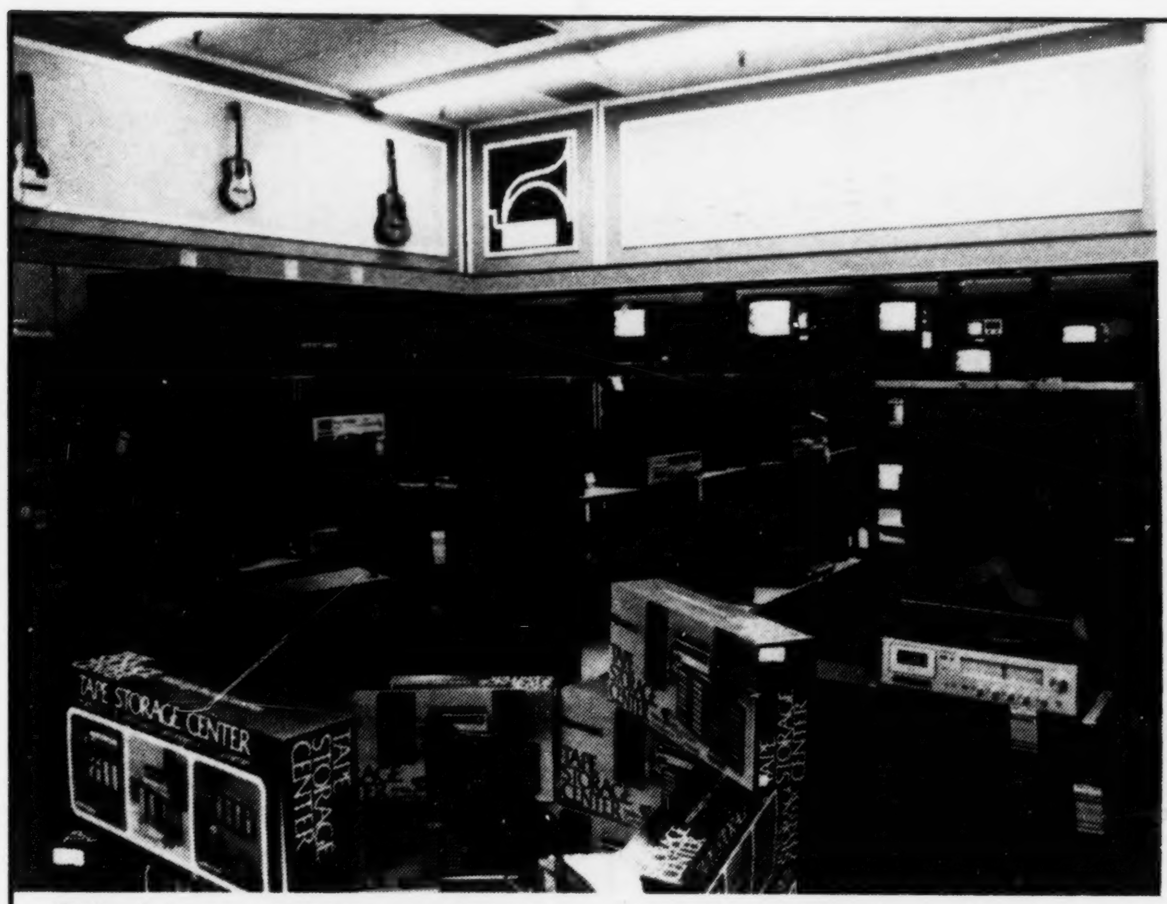
All in all, the Scotch Line offers true, pure sound for your customers, and true, pure profit for you. Contact your Scotch Recording Tape Representative for more information.

Scotch
DYNARANGE®
90 cassette
NORMAL BIAS
3M

SCOTCH® RECORDING TAPE. THE TRUTH COMES OUT.

3M

Compact Stereo Systems Entice Customers



Televisions and stereos line the walls of this Jewelcor showroom in Plantation, Fla. Chances are the small portable color televisions—particularly the 13-in. models—will move the fastest. *(DSN photo)*

Tri-mode stereo systems, particularly those loaded with extras, are still good sellers. This display at Wal-Mart, Rogers, Ark., shows several such models. *(DSN photo)*

(Continued from page 58)

dle-price range—to remain strong sellers throughout next year.

Some chains, such as Connecticut-based Ames, said they expect the low-end clock radios to remain a strong part of their business in the coming year.

Ames is currently promoting two makes for $21.99 that offer AM-FM and a snooze alarm that wakes the owner with either a standard alarm or music.

Buyers for chains such as Heck's, Gold Circle and ALCO have noticed customers turning to lesser-known makes of component stereos that cost what brand names did one and two years back.

Despite the economy, though, discounters said consumers appear to be spending about as much as they ever have, and stereos in the $150 to $200 range are the best sellers.

Still, some discounters say a new line of compact stereo systems—equipment slightly smaller than the valise-sized record players of about 15 years back—may entice customers to move to a higher price range.

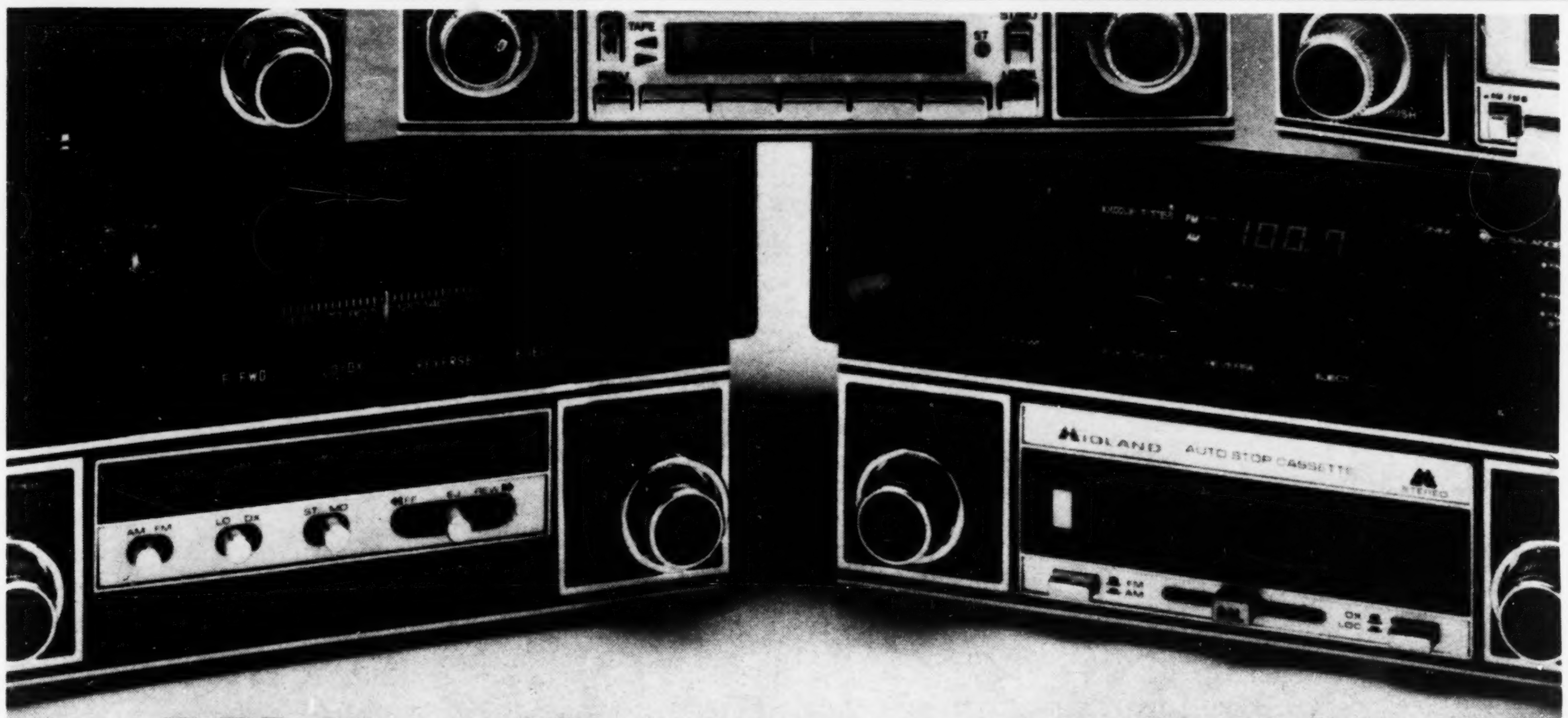
Most of the new compact stereos are expected to retail in the $199 to $299 range. They were among the few items at the 1980 Summer Consumer Electronics Show to generate interest.

Television games are also expected to show movement in the coming year and could be big money makers, discounters said.

The big action late last year and this year, though, has been in the hand-held electronic games being marketed by a wide variety of manufacturers and retailing in the $20 to $50 range.

Despite the possibility that television games will grow when the public tires of the hand-held games, those surveyed said they are playing it cautiously and intend to avoid the big overstocks that caused problems several years back with the first generation of television games.

Some buyers reported having been burnt then, when the first versions of pong-type games hit the market and were almost immediately replaced by more sophisticated ones that gave the player the opportunity to do more than just hit a ball of light around the screen.



Midland's new car stereo line covers 80% of all the price points.

The classy light heavyweight has done it again!

Completely new 15-model car stereo line is priced to retail from $39.95 to $299.95. And that covers 80% of all the price points in this market, with plenty of margin for profits.

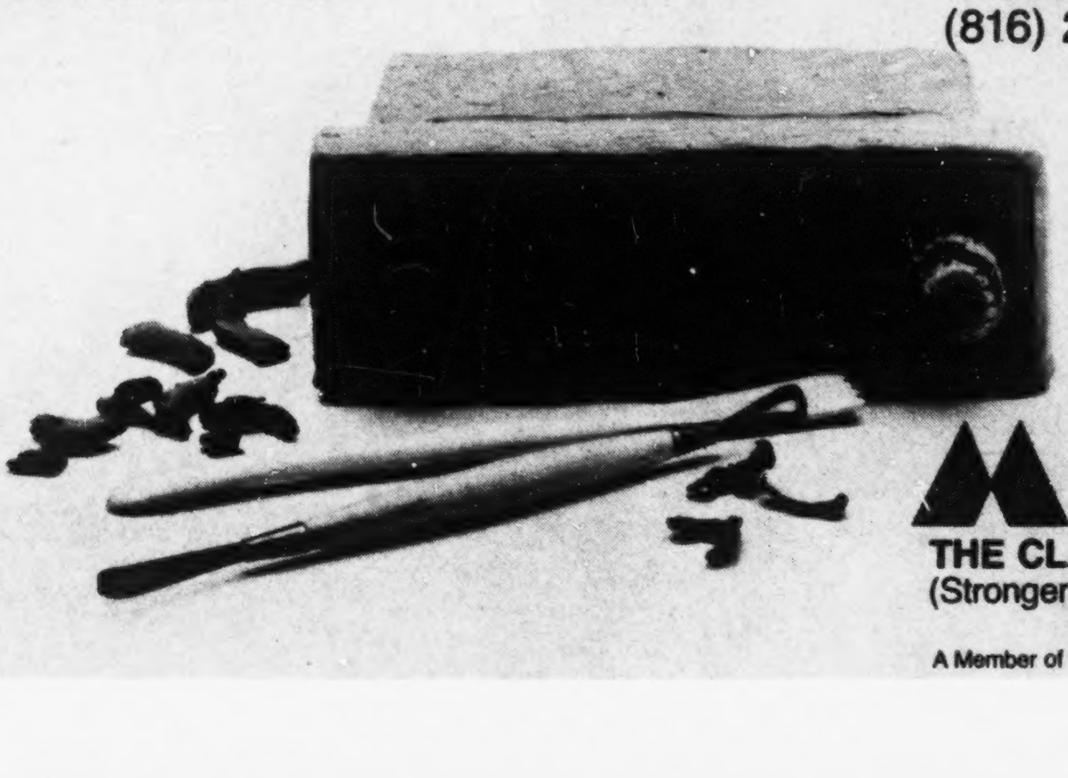
Margins abound, even at the low end of this new Midland line. Specifically, on four of the new units with suggested retail prices from $69.95 to $99.95. This is a price range which represents 34% of the current 8-track sales and 27% of cassette sales.

Now we're working on the other 20%.

And, even here, your suggested retail prices can realize 30 to 40 points!

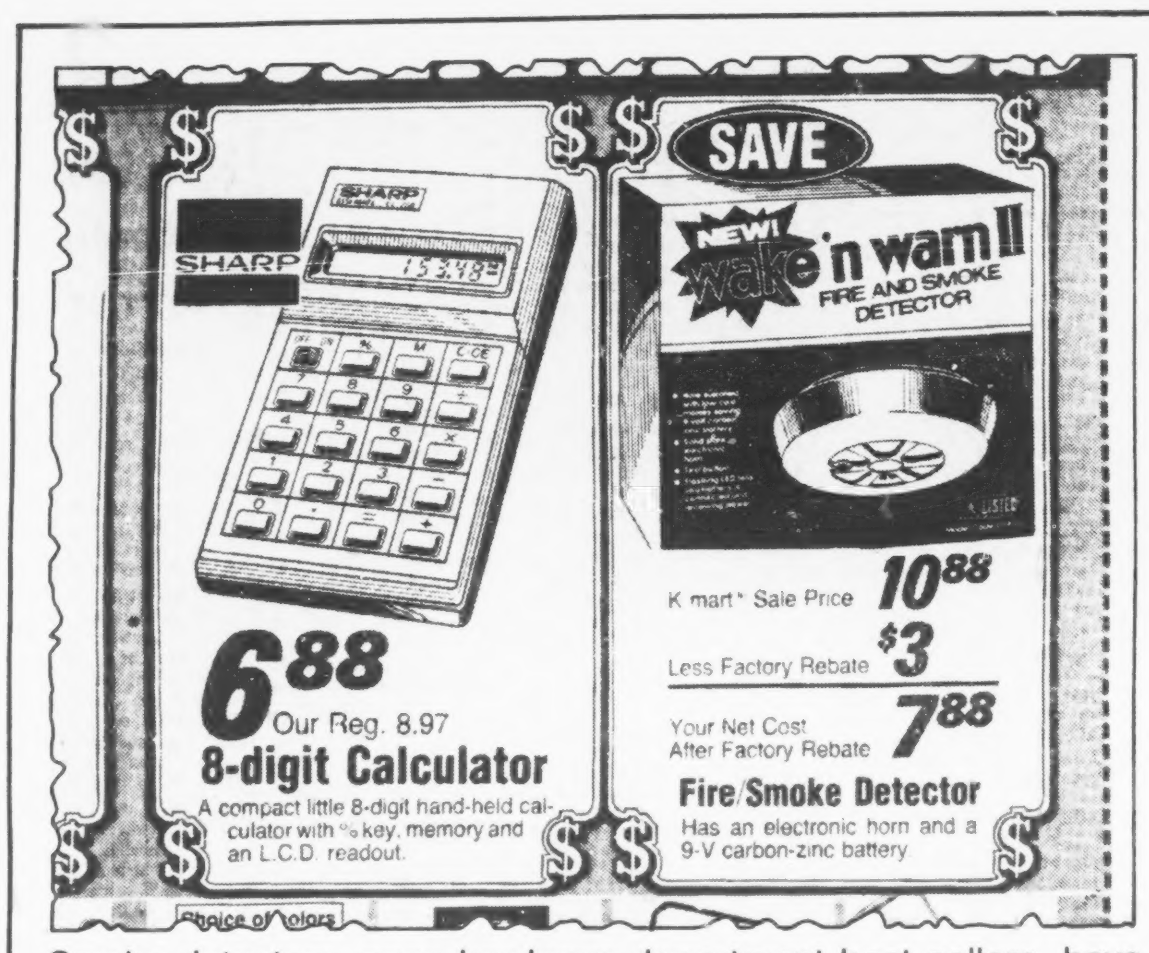
Quality? You bet—what you would expect from Midland. We've got stepped-up features in every model and invite comparison, size for size, feature for feature.

All we ask is the chance to present ourselves and our classy new line! Don't buy any line until you take advantage of this opportunity! Contact Ed Herald, Sales Manager, Midland International Corporation, P.O. Box 1903, Kansas City, Missouri 64141. Or, phone (816) 241-8500.



MIDLAND®
THE CLASSY LIGHT HEAVYWEIGHT
(Stronger than the little guys . . .
livelier than the giants!)
A Member of the Beneficial Corporation Family.

Chains Open Separate Depts. as Sales Rise



SAVE

NEW! wake 'n warn II FIRE AND SMOKE DETECTOR

6.88 Our Reg. 8.97

8-digit Calculator

A compact little 8-digit hand-held calculator with % key, memory and an L.C.D. readout.

Choice of Colors

K mart® Sale Price 10.88

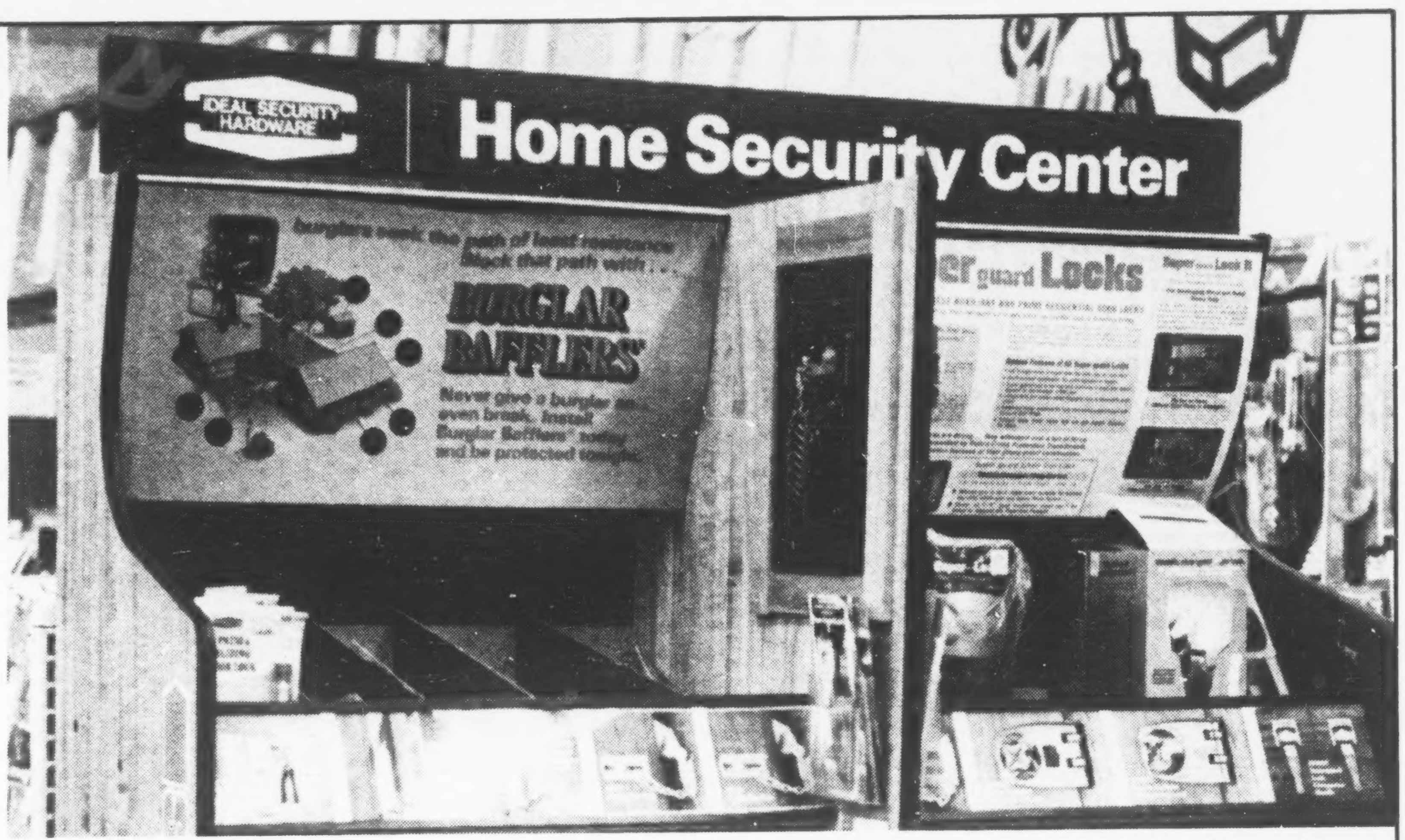
Less Factory Rebate $3

Your Net Cost After Factory Rebate 7.88

Fire/Smoke Detector

Has an electronic horn and a 9-V carbon-zinc battery.

Smoke detectors, once hardware department best sellers, have now become staple items which discounters like K mart routinely promote—with manufacturer rebate support.



Discounters targeted home security as a growth category this year. J. A. Conley's, Massillon, Ohio, uses endcap display to promote basic home protection. *(DSN photo)*

While discounters reported sticking to the basics in home security—rather than stocking more expensive electronic systems—the category has gained enough consumer interest in past years to prompt many chains like Zodys, Murphy's Mart, ALCO and Mr. Wiggs to create a separate department for home safety products.

Security was one of the bright spots in hardware where across-the-board sales gains in the department were down 3% from last year.

Area of Reliance

Most dealers found strength by staying in basics—locksets in the $9 to $12 range and promotional padlocks—and avoiding the higher-priced electronics.

The impasse regarding the high-end intrusion alarms was price. Most discounters said they were holding back on their buying until prices dropped. This, they said, would happen when technology becomes cheaper and more manufacturers enter the market.

For now, only a small group of discounters—Target, Gold Triangle and Zodys among them—have ventured into the upper price ranges with complete home or apartment electronic protection systems.

There have been disappointments. At Gold Triangle, one merchandiser noted that the really expensive systems had been moved into the major appliance department where they could be sold by a trained salesman. "It's the type of item customers have to fiddle with before they'll buy," he noted.

Layout Changed

Smoke-alarm stocking patterns also conform to discounter tendencies to stay with the basics. Once a red-hot seller, the now inexpensively priced items no longer capture endcap space. Rather, they are stocked in limited and greatly narrowed numbers in department side aisles.

A bullish note: in California, new legislation—mandating that landlords install the home safety devices when they make more than $1,000 in home improvements in multiple dwellings—may stimulate sales in the state over the next few months.

The *First* names in home security.

Today, more than ever, people are concerned with security. First Alert, with its expanding line-up of electronic security and related devices, is rapidly opening up new markets for the aggressive retailer.

New First Alert
Home Command Center™
This computerized electronic system is designed to give the consumer control over most electrically powered devices in the home. Instantaneous finger-tip remote control with the manual model and automatic pre-timed control with the programmable model.
Consumer benefits include security, convenience and energy saving.

First Alert
Smoke Detectors
Only First Alert offers five different smoke detectors including the Escape Light and Double System step-up models and a gas detector, for more price points and greater profit margins.

First Alert
Ultrasonic Burglar Alarm
For the consumer who's interested in area protection, this alarm system offers plug-in simplicity coupled with a very reasonable price point.

First Alert
Family Protection System™
This perimeter home burglar alarm uses wireless electronic technology for easy installation and an attractive price point. Its capability to be expanded for increased protection with accessories like additional transmitters, a remote smoke detector, siren, etc. offers the retailer continuing profit opportunities.

First Alert
Vehicle Security System
To protect what for most people is their second most valuable possession, their car, van or R.V. This new automotive security system is designed for quick and easy installation and priced for big volume sales.

Finally, at First Alert we're committed to continuing new product development and to the most consistently aggressive advertising program in the entire category. A program that includes consumer rebates, broadcast and print advertising starring William Conrad and a comprehensive range of sales support aids.

First Alert® by PITTWAY®
"The professionals in Home and Family Protection."

Low-cost Vacation Trend Ups Accessory Biz

BOXSCORE

Sporting Goods

• *Discount Store Sales*	*$2.5 billion*
• *Sales per Store*	*$323,164*
• *Department Size*	*2,500 sq. ft.*
• *Annual Sales per Sq. Ft.*	*$129*
• *Annual Turns*	*3.1*
• *Initial Markup*	*35%*
• *Gross Margin*	*28%*

Zodys in Anaheim, Calif., tuned into the physical fitness craze with its gondola run of exercise equipment. Research showed the category dominated sporting goods sales this year. (DSN photo)

A trend toward money-saving vacations gave sporting goods a booster shot this year as consumers chose camping, hunting and fishing trips in lieu of more expensive forms of family entertainment.

However, the department did not escape current economic conditions. Sales of high-ticket items were sluggish, buyers reported, indicating consumers' decisions to postpone purchases of new sporting equipment this year. Instead they re-outfitted their existing equipment with accessory items—purchases that carried greater margins to discounters.

This trend is changing buyer ordering patterns. For next year, buyers revealed they were trimming departments of fringe and high-ticket items, and banking on accessories, apparel, and a handful of growth categories such as exercise equipment and roller skates.

The fishing category exemplifies what is happening throughout sporting goods. Sales of high-ticket rod and reel separates declined while sales of terminal gear and lures rose. Middle- and low-end combination sets were popular this year, appealing to both the new, occasional fisherman and the avid sportsman seeking inexpensive activities for family outings.

Slow demand for high-ticket rod and reels were offset by discounter's promotional efforts. Wisconsin-based Prange-Way noted that rod, reel and electronic item sales soared during promotions, then dropped dramatically as the ad finished.

Stem Distributors' Jim Sylvester reported that 35% of total fishing category sales came out of promotional activity, and 50% of combo sets were sold on promotion.

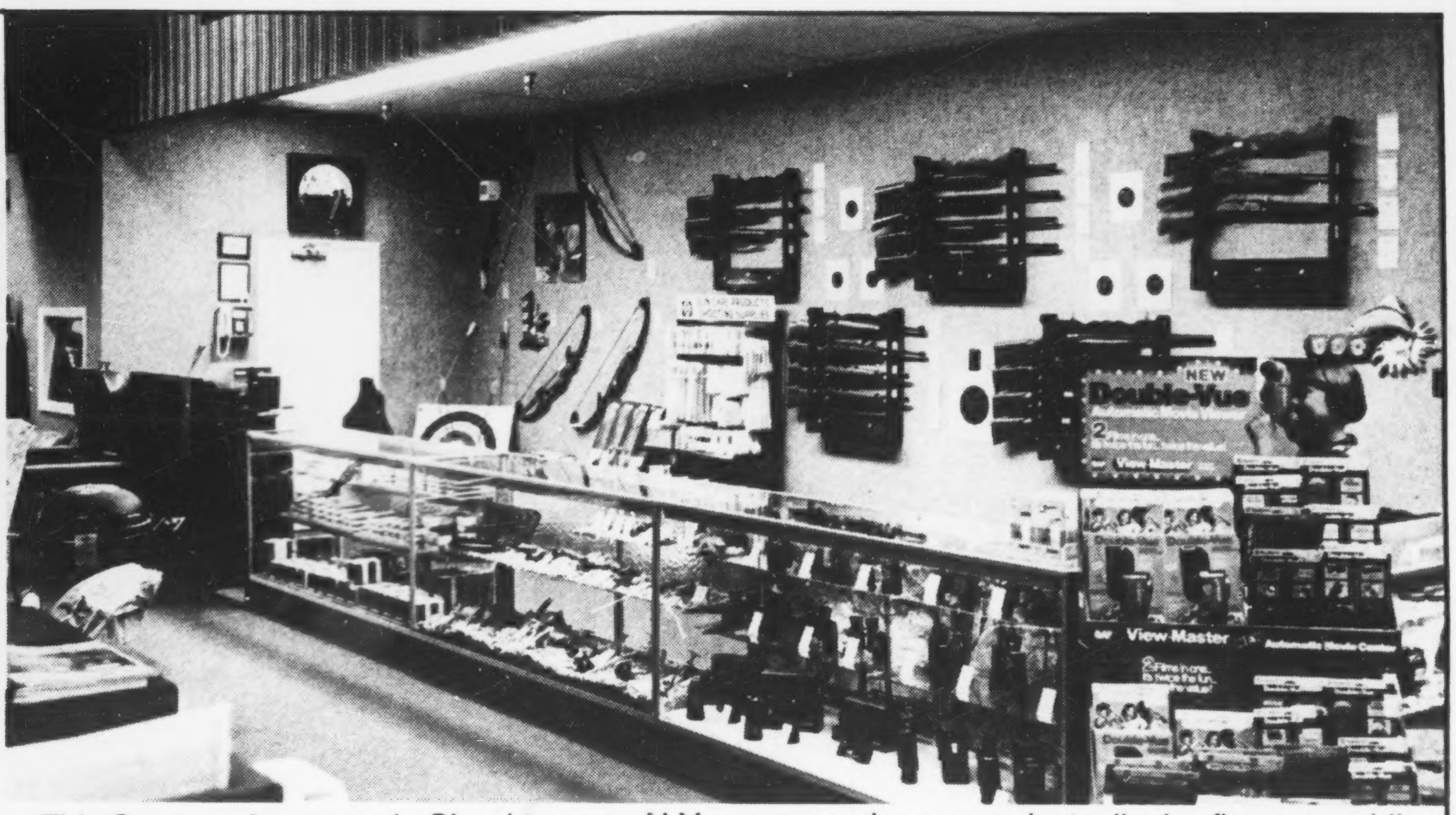
Keeping in tune with the need for promotional efforts in fishing, one Zayre store in Connecticut drew customers to its fishing section with a two bin display filled with terminal gear, all priced at $1. The display included two X-racks showing fishing rods in a verti-

(Continued on page 67)

WHO
IS
THE
PARTYMAKER

Buyers Cutting Back on High-Ticket Long Guns

High-profit tackle boxes were highlighted on an endcap as well as given shelf space at Hills, Buffalo, N.Y. Many discounters use these boxes as promotional items. *(DSN photo)*



This Century showroom in Cheektowaga, N.Y., uses wooden gun racks to display firearms, while showcasing high-margin accessory items such as scopes and binoculars. *(DSN photo)*

(Continued from page 62)

cal position. Zebco rods regularly priced at $7.99, on sale for $6, and Diawa 208 RL rod and reel combo, regularly $27.99 and on sale for $20, were featured. Similar shopping dynamics affected the firearm category.

As a result of last fall's declines in long gun volume—especially in shotguns—and in anticipation of continued credit restraints, buyers have chosen to cut back on these high-ticket items for the coming season. Lechmere, T.G. & Y. and Rose's are among the top chains that have decided to reduce their firearm selection.

Still, consumers did not cut back on their hunting activity. They may have put off buying new firearms but ammunition and hunting-related camping accessories flourished, buyers reported.

Buyers said the strengths in the camping category were in accessory items such as stoves, lanterns and hand warmers, and that these items were expected to remain strong for fall.

More adults joined the roller skating fad, making the sport a popular form of family recreation. Experts said that the roller skate category was the fastest-growing category within sporting goods. The 1980 National Sporting Goods Association (NSGA) report showed skate volume rose 300% in 1979.

Disco roller skating changed the image of this category, said Ron McDermiad, merchandise manager at Los Angeles-based Zodys, a division of Hartfield-Zodys, where selection was redesigned to please a "fashion sense rather than a price sense," he said.

Another booming category was exercise equipment, an area which went counter to consumer buying patterns this year. According to buyers, this is one area where shoppers still trade up, and middle- to high-end items are gaining the most favorable sales results.

"The higher tickets don't cost us units," said Butch Nicolson, merchandise manager for Fishers Big Wheel, who plans to add a higher-priced exercise bike, selling for $149.

The NSGA study also revealed a 122% sales increase in tension exercisers, and a 23% increase in stationary/exercise bicycles.

Our new fitness line has an exciting selling hook.

And a powerful upper-cut, and a quick jab and...

Yes, it's Sugar Ray Leonard, the newest member on the Franklin sales team. And he's going to add real punch to our new physical fitness equipment line.

Just look at that packaging — bold, eye-catching. With Sugar Ray's name on these products and his picture on the boxes we'll have customers dropping to the canvas. And you'll take advantage of the incredible opportunities today's fitness market offers.

To start with, all the products in this line feature the best in materials and craftsmanship. From design to cosmetics to finish, each item says quality.

As for innovations, the new Sugar Ray Leonard physical fitness line has all the landmark design features that you'd expect from an industry leader like Franklin. Take, for instance, our exclusive, new Tarkotex rip-stop nylon coated punching bag material. It's as tough as the guy whose name is on the bag.

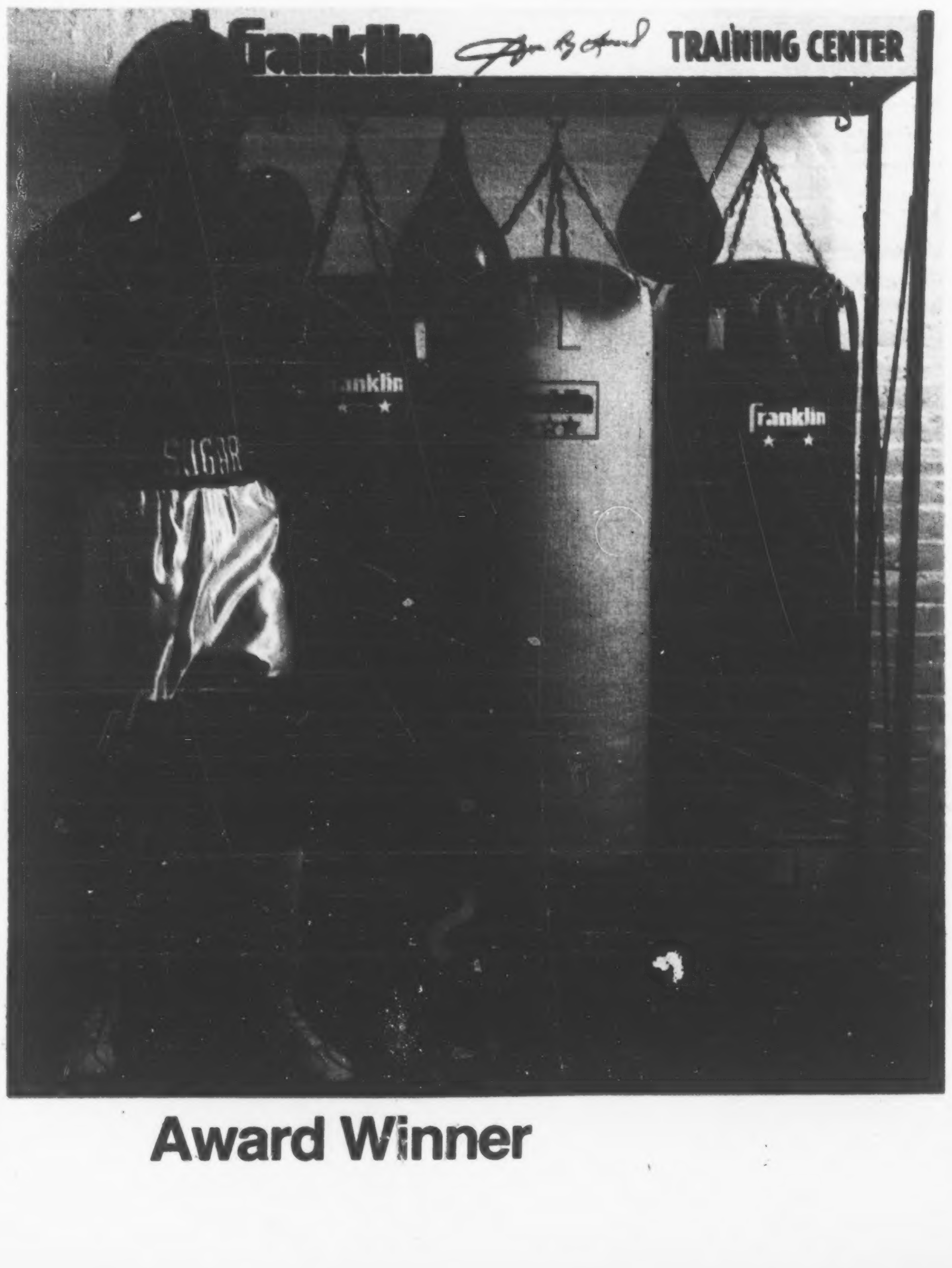
The Sugar Ray Leonard physical fitness line includes speed bags, training bags, boxing gloves, striking bag mitts, jump ropes, swivels and complete physical fitness sets.

And for a dramatic P.O.P. display, we offer the Sugar Ray Leonard Fitness Center, shown here. It's rugged, it's compact (only 4 linear feet) and it's easy to set up.

The new Sugar Ray Leonard fitness line. It packs a knockout punch.

Write today for our complete catalog: Franklin Sports Industries, Inc. Box 508, 17 Campanelli Parkway, Stoughton, Massachusetts 02072. Or call toll-free 800-225-8647. West Coast Distribution Center: 2280 Meyers Avenue, Escondido, California 92024. Or call (714) 743-7074.

Franklin



1980 Award Winner

Consumable Sales, Aided by Coupons, Skyrocket

Woolco, Austin, Tex., could almost be mistaken for a supermarket. Discounters say, however, that it is unlikely that they will ever carry a complete food line. *(DSN photo)*

Two Guys, here at its new Freeport, N.Y., store, is one of a growing number of discounters to use consumables to draw traffic and trigger impulse purchases. *(DSN photo)*

Discounters say consumable sales will continue to skyrocket as increasing numbers of shoppers—many armed with regular and double coupons—turn to them for added savings.

In the last two years alone some discounters have reported sales gains as high as 60% to 100%. Most of the major chains surveyed said the coming year could bring sales increases as high as 40%.

Most of the items being added to houseware and snack sections—detergents, cleansers, tuna fish and pickles—are not big moneymakers because of the low markups.

Those items do succeed, however, in increasing traffic in discount stores and result in significant increases in sales of related items.

Promising Area

A buyer for Ohio-based Goldman's, for example, reported sales of household chemicals increasing by 20% to 25% this year. But the real profit was in the 18% increase in the sale of mops and brooms—items with a higher markup.

Still, despite the traffic boost, most discounters surveyed said they had mixed feelings about accepting consumable coupons.

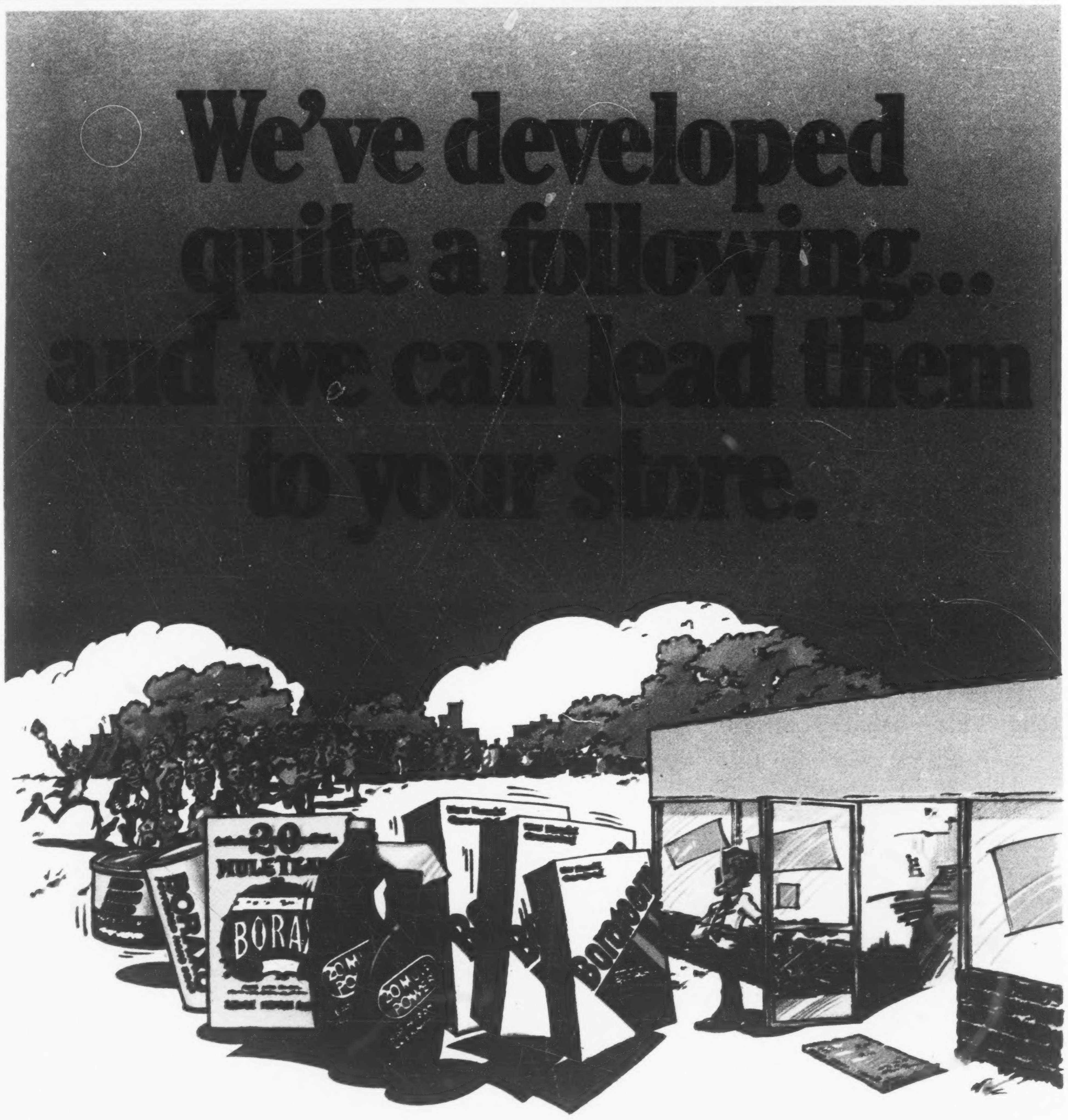
While couponing increases traffic at a time when the only new business a chain can acquire is that which can be "swiped" from a competitor, chains pay for them dearly out of profits.

The loss in profits can become even more substantial, discounters said, when a chain begins double couponing, forcing his competitors to do likewise.

More Promotion

Double couponing—and in some cases even triple couponing—can bring other problems as well. Discounters said such coupon specials are frequently accompanied by irate customers, large out-of-stocks and operational problems.

"Its a good idea in some senses," explained a spokesman for the Michigan-based Meijer's chain, "But in the end it can be a loosing proposition for retailers. Whoever starts double couponing is usually in trouble."



We've developed quite a following... and we can lead them to your store.
20 MULE TEAM
BORAX
BORAX

Over the years, U.S. BORAX products have built a very impressive track record of attracting and holding loyal customers. By displaying and promoting these products, you can attract them too.

The products of U.S. BORAX have successfully built traffic and sales wherever they've been sold. So why not stock them. Properly displayed and promoted, the U.S. BORAX product line can give you the kind of following that pays.

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Carlmar Associates	New York, NY	(212) 679-7590	Burns-Fink & Assoc.	St. Louis, MO	(314) 532-0496
Rabe Sales Corp.	Buffalo, NY	(716) 825-3831	Carolson Commercial	Anchorage, AK	(907) 248-1900
Gordon Sales Co.	Silver Spring, MD	(301) 598-5408	Carter Pacific	Burlingame, CA	(415) 692-0602
Reid & Assoc.	Minneapolis, MN	(612) 475-2446	Carter-Rowland Pacific	Long Beach, CA	(213) 435-7729
Teitel Associates	Southfield, MI	(313) 569-7080	Simmons Sales	Dallas, TX	(214) 387-9303
Bonnie I. Smith Co.	Jacksonville Beach, FL	(904) 249-2311	Kenault, Inc.	Honolulu, HI	(808) 531-6531
North Central Sales	Euclid, OH	(216) 731-8751	E. J. Burdett Assoc.	Salt Lake City, UT	(801) 278-2017
J. J. Fink Associates	Chicago, IL	(312) 878-6300	Mittenthal & Assoc.	Bellevue, WA	(206) 455-0868

STATIONERY

Buyers Turn to Basics, See Rough Road Ahead

BOXSCORE

Stationery

Discount Store Sales	*$1.4 billion*
Sales per Store	*$180,972*
Department Size	*1,750 sq. ft.*
Annual Sales per Sq. Ft.	*$103*
Annual Turns	*4.2*
Initial Markup	*43%*
Gross Margin	*39%*

This Clover unit on Cottman Avenue, Philadelphia, drew customers to its stationery department with a desk accessories endcap display. (DSN photo)

Escalating costs coupled with the tight economy have stationery buyers turning to basics and predicting tough times ahead. They've taken a number of steps to deal with sluggish sales.

Some buyers expected that economic conditions will discourage customers from high-priced merchandise. For this reason, Gene O'Donnell, merchandise manager at Hills, decided to build a better in-stock position of price basics and to cut back on his assortment of more fashion-oriented merchandise in preparation for fall back-to-school.

Supply shortages and an expected 8%-12% cost increase in paper products have many discounters planning to buy shorter counts or raise retail prices, or possibly do both, within this category.

Others reacted to their customers' increased price/value concerns by increasing sku's in multipack paper products. Adding higher-count typing paper, erasable bond, or steno notebooks with 2½ times as many pages were popular moves.

Soaring petrochemical costs have pushed pen prices up 22% although most buyers said sales are unaffected by these increases on low-ticket writing instruments.

Still, buyers noticed an upsurge in popularity of multipack pens, which they said customers viewed as a good value.

"We sell Bic medium-point crystal pens for 26¢ in a single pack," said Bob Braunstein, divisional merchandise manager at Bradlees. "That same pen is sold in a 10-pack for $1.69. That represents a 91¢ savings to the customer who buys the multipack."

Multipack items have also become popular promotional tools. "When we run a writing instrument other than the Paper Mate retractable, we run a multipack," said Braunstein. Multipack pens are given 4 ft. of pegboard, and are segregated from single pens to improve visibility.

Some buyers chose to offset cost hikes on the major brands by infiltrating stationery sections with private label brands. Gold Circle for instance has private label crayons and cellophane tape, and might ex-

(Continued on page 108)

RUST CRAFT
INVENTORY MANAGEMENT
SPECIALIST

RUST CRAFT HAS PEOPLE POWER.
Because people manage inventory best.

Rust Craft is the only greeting card company that has its own special team of inventory management specialists and sales coordinators. It's the only way to go. You get maximum ROII because the Rust Craft team makes sure you get the right merchandise, at the right time and in the right quantity. They work in-store on a day-to-day basis, so they're in the best position to know your special opportunities and how to capitalize on them.

The people power of Rust Craft is profit power for you. Another important part of our innovative Turn-Key Profit Program.

The Rust Craft Turn-Key Profit Program
It's less work and more pay.

To learn how our Rust Craft inventory management team can turn bigger profits for you call or write Al Vickowski:
Rust Craft Greeting Cards, Inc.,
Rust Craft Road, Dedham,
MA 02026, (617) 329-6000.

RUST CRAFT
.... for all the best reasons
Boston, Chicago, Atlanta, Phoenix

Discounters' '80 Volume Projected at $1.3 Billion

Electric Housewares

BOXSCORE

Discount Store Sales	*$1.3 billion*
Sales per Store	*$170,631*
Department Size	*900 sq. ft.*
Annual Sales per Sq. Ft.	*$190*
Annual Turns	*3.9*
Initial Markup	*24%*
Gross Margin	*16%*

Times Square Stores, Oceanside, N.Y., presents an upscale look for traffic appliances by using woodgrain units to mass-display featured items at the front of the department. *(DSN photo)*

Discount stores are one of the major retailers of electric housewares, and this fact has resulted in discounters more than holding their own in selling traffic appliances despite the vicissitudes of the economy.

Manufacturers have estimated that discounters account for about one-third of vendor sales to retailers. DSN projects discounters' electric housewares volume this year will hit $1.3 billion, up 8.3% from last year's $1.2 billion.

Discounters' electric housewares strength in the past has been merchandising of staple items with quick thrusts into and out of hot fad items—and it's the same basic approach that is seen as maintaining volume small-appliance sales throughout this year and the key holiday fourth quarter.

A Target merchandiser summed it up best when he declared: "It's a very basic year in traffic appliances and I think it will stay that way."

Two divergent factors are behind this.

One is the lack of any hot fad electric that discounters can sharply promote to boost traffic. Discounters across-the-board at the housewares show in Chicago cited the absence of any fad item or any small appliance that seemed like a candidate for a hot Christmas gift item.

The second factor is the economy, which has caused shoppers to focus on low- and mid-priced goods, the core merchandise carried by discounters, rather than the high-end items that are selectively used as step-ups by a number of discounters.

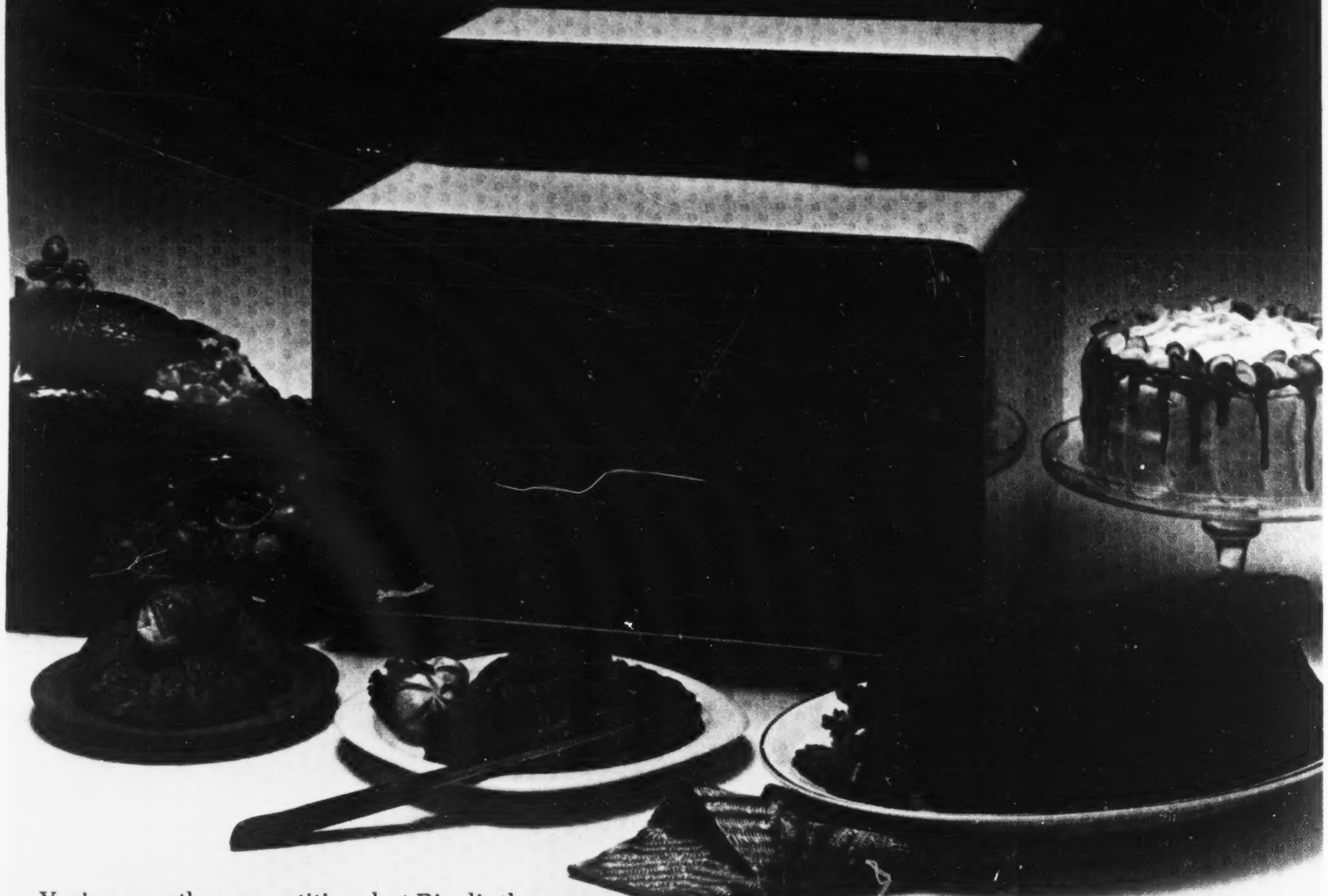
A Matco merchandiser asserted: "Low-end basics are doing well, but basically the middle price range in most categories is the strongest. I think the strength will be in the middle prices during the rest of the year."

The reason for this, a Cook United executive noted, is that shoppers "are looking for value, not just price, and they are willing to buy a better quality basic electric that will last longer."

The limited appeal of higher-priced small appliances is reflected in the items discounters report are selling well, the price points being hit in promotions and the greater reliance on ads and manufacturer re-

(Continued on page 114)

If you could stock only one convection oven, it should be Rival's.



You've seen the competition, but Rival's the one you've been waiting for. You see, we didn't invent convection cooking. We perfected it. So when you stock ours, you'll be selling the one:

The one that was built from scratch for perfect convection cooking. Rival's is not just a converted broiler with a fan. It's designed to produce a perfectly even air flow pattern for outstanding results on meat, bread, and delicate pastries. No hot or cold spots.

The one that holds high heat inside. It maintains the 500 degree heat needed for broiling, but doesn't heat up the kitchen nor the outside of the unit. Double-wall construction, extra thick insulation, and Rival's double glass door prevent heat loss.

The one that looks as great as it cooks. Ours is beautiful oyster white with smoked glass. It doesn't look like a broiler oven nor a microwave. It fits under standard kitchen cupboards; yet no other oven has more usable cooking space, even those that appear larger. Rival's holds a 14-pound turkey and allows the use of full-size cookie sheets and ordinary cookware.

The one that's easy to clean. Ours has continuous cleaning porcelain walls and top, with a pull-out drip-tray. All removable elements dishwasher-safe.

The one that doesn't have anything it doesn't need. Like an unnecessary rotisserie, for example. Because the air turns, the meat doesn't have to.

Rival's Convection Oven stands out in performance and looks. And it's priced right. Starting in February, we're backing it with powerful national magazine advertising through the year, and with TV during the Christmas selling season.

You've been waiting for it. Your customers will soon be looking for it. Stock and sell it. It's the one.

RIVAL® Convection Oven

RIVAL MANUFACTURING COMPANY, Kansas City, Missouri 64129. In Canada: Mississauga, Ontario L4V 1E3

Discount Store Census '80/'81

LADIES' APPAREL

Sales Gain as Chains Upgrade RTW Depts.

BOXSCORE

Ladies' Apparel

Discount Store Sales	**$7.9 billion**
Sales per Store	**$1,023,614**
Department Size	**9,990 sq. ft.**
Annual Sales per Sq. Ft.	**$103**
Annual Turns	**5.6**
Initial Markup	**44%**
Gross Margin	**36%**

Preppy Generation

Look what's up at Venture's Mount Prospect, Ill., store: Ceiling-hung photo signage draws traffic, defines the junior department, coordinates fashion items and lends trade-up decor. (*DSN photo*)

Apparel sales continued to gain in total chain volume as discounters upgraded women's ready-to-wear (rtw) departments, although, as recent efforts by chains like K mart and Wal-Mart show, trading up in the category is not limited to upscale discounters.

Intensified apparel merchandising is a strategy chains are using to position themselves in a new market marked by some developing trends.

Those trends are: Fashion items as the new "basic" merchandise; shifts in buying emphasis from traditional missy to junior, half-size, maternity and uniform categories where fashion has not been a factor; and heightened competition from off-price specialty apparel chains, and catalogers now expanding into wearables.

Discounters are reacting to these market factors by assimilating a fashion look and expanding categories within women's apparel without losing low- to middle-level price point customers.

K mart's prototype apparel department in Lodi, N.J., weights stylish merchandise (often accompanied with a higher ticket) and modernized presentation equally for a new fashion identity. In a move to compete with trade-up chains pursuing specialty store crossover business, the No. 1 discounter redesigned women's wear, adding a race-track type aisle, new rounds, waterfalls and deltas. Merchandise is arranged by color and style and coordinating items hang either facing out or atop round rack platforms.

The merchandise itself is upgraded in quality, look and price. Featured items include preppy ensembles and Loretta Lynn western wear. After the remodeling, a special buy of Calvin Klein jeans appeared along the race-track aisle.

The front-of-store department was merchandised so that maternity, half-size and lingerie areas—in addition to junior and missy categories—are all clearly defined.

(Continued on page 88)

Discount Store Census '80/'81

CHILDREN'S WEAR

Quality, Fashion Outclass Price for BTS

Quality and fashion outrank price points as fashionable children's and infants' wear moves to the head of the class for fall/back-to-school.

It's a trend that buyers are supporting after helping the fashion influences of adult and junior apparel filter through the category in recent seasons.

Growing popularity of brand names and minimal price resistance underscore the trend.

Fashion is turning into kid stuff, as a matter of fact, at Wal-Mart, where a buyer stocks a "total look"—sought after by upgrade-bent apparel buyers industrywide—in sizes 4 to 6X; at Magic Mart and Hills, where the preppy look is in; and at Gold Circle, where the western look is the story in denims.

The trappings of a total look—in preppy, western or other stylized themes—are becoming stock-in-trade for discounters, where the emphasis in children's/infants' has always been quality first.

Shoppers continue to be undaunted by price even as children's departments become more sophisticated and stock

(Continued on page 112)

CARNATION COMPANY
NOTICE TO THE TRADE

We offer promotional allowances, merchandising materials, line extension allowances and a central planning program which are practical and usable by all retailers regardless of size.

Payments are made for newspaper or handbill featuring, display and consumer directed promotion, and line extension allowances. Proof of performance (e.g., tear sheets) and proof of delivery (jobber's invoice) are required for payment of allowance.

If you would like to receive specific information on offers available to you, send your name, address and telephone number to Carnation Company, Attention: Sales Department, 5045 Wilshire Boulevard, Los Angeles, Calif. 90036.

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Camera Accessories Keep Depts. Clicking

BOXSCORE

Photography

Discount Store Sales	$2.5 billion
Sales per Store	$323,164
Department Size	670 sq. ft.
Annual Sales per Sq. Ft.	$482
Annual Turns	3.6
Initial Markup	23%
Gross Margin	17%

T.G. & Y. is one of a small group of discounters to make photo and camera a full department. As at its Oklahoma City store, the chain goes deep on both cameras and accessories. (DSN photo)

Film, flash and finishing sales kept camera departments going this year, as the economy forced picture-taking consumers to back away from buying cameras.

Accessories, too, were a boon to departments. According to buyers, lenses, flash attachments, tripods, photo albums, gadget bags, and other camera-related gear were the favorite choices of consumers who decided this was the year to accessorize rather than to trade up to better, more expensively priced cameras currently on discounter shelves.

Discounters were not entirely happy about this sales turn of events, however, as accessories carry some of the heaviest profit dollars in the department.

Photo finishing, which also brings in a lion's share of the profits for many discounters, did give discounters pause earlier in the year when skyrocketing silver and paper costs forced the major film suppliers and photo-finishing houses to raise their prices.

Suppliers passed the increases along almost immediately, thus forcing discounters to choose between absorbing the price hikes or passing them on to the consumer. With either choice, however, discounters' reaction was the same: Photo finishing services were too crucial to the department's success to even consider eliminating them.

"Without any inventory investment you can draw the customer into the store twice—once to drop the film off and once to pick it up," was how John Dankwardt, Prange-Way's camera buyer, reacted to the price hikes at the time.

Elsewhere in the department, instant and pocket cameras continued to account for the majority of discounter camera sales, although single lens reflex cameras (slr's) did continue to make gains.

Wal-Mart and Murphy's Mart became two chains which began catering to shutterbugs this year with the addition of slr's to their camera department mixes. Murphy's Mart put the higher priced cameras (up to $300) into 15 stores as a test.

In fact, $300 was about the top-of-the-line limit to the slr inventory that most discount-

(Continued on page 95)

SATISFIED

Satisfied is the way John Newcombe and Ben Crenshaw feel about their Canon photographic equipment. It gives them the quality images they're after with an ease of use that's as simple as focus and click. Yet with ali the versatility that Canon offers in terms of lenses and accessories for any kind of photographic application.

If your customers are looking for photographic equipment that they won't feel like trading in as their interests grow, get them to look into Canon. We're the leader. In design, performance *and* satisfaction!

SLR CAMERAS

Canon AE-1

Canon "A" Series single-lens reflex cameras offer electronic 35mm photography at its best. The Canon A-1 is the world's most advanced automatic camera, capable of handling any subject under any conditions, with professional results. Our most popular model, the AE-1, is a shutter-priority automatic that lets you pick a shutter speed, focus and shoot. The match-needle metering AT-1 is similar to the AE-1 in size and weight and offers easy match-needle metering for photographers who like their shooting traditional. The new AV-1 lets you pick the aperture you want, then takes over to select the perfect shutter speed for outstanding results in any light.

Canon AV-1

Whichever Canon model you choose, you'll be opening the door to a whole system of photography, with a host of lenses and accessories available for every picture-taking situation. Canon FD lenses range from fish-eye to super-telephoto, with over forty to choose from. Universally praised for their fine photographic and mechanical performance, they're the perfect match to any Canon interchangeable-lens single-lens reflex camera.

Canon FD Lenses

RANGEFINDER CAMERAS

Canon Sure Shot AF35M

The Canon Sure Shot AF 35M is here, and it is really special! It has auto focus, auto exposure, built-in auto electronic flash, built-in auto winding and even rewinding. It's the one 35mm camera that says "goodbye frustration" forever because it simply eliminates typical photographic mistakes for good. All at a price that's good news for sure!

Some cameras are born to be favorites the minute they come off the drawing board. That's the Canon G-III 17. Experienced photographers love it for its Canon lens and superior image quality. Amateurs love it because its automatic exposure makes great shots push-button simple. Indoors (with the optional Canolite D electronic flash) or out.

Canon G-III 17

For maximum economy and quality, there's no better buy in its class than the Canonet 28. It combines the simplicity of automatic exposure with the clarity of a superb Canon lens that's fast enough to be used indoors without flash, in many instances. For fully automatic flash with the Canonet 28, there's the optional Canolite D. Or select the Canon rangefinder 35mm camera that combines everything in one package, the A35F. Not only does it have a sharp Canon lens and automatic exposure, but just push a button and up pops a built-in, automatic electronic flash. You say "goodbye" to bulbs and calculations forever.

SUPER-8 MOVIES

Canon silent Super-8 looks better. Canon Super-8 Sound listens better. Our experience in professional cinematography has led to the development of one of the most complete lines of Super-8 equipment available. The Canon 1014XL-S and 814XL-S sound models offer the creative filmmaker brilliant sound and picture quality.

Canon AF 514XL-S

The amazing AF514XL-S features a Canon-engineered autofocusing system, and the 514XL-S, like all Canon sound models, offers audibly superior sound, thanks to special Canon features. For lightweight, low-light silent filming, the Canon 514XL and 310XL models deliver professional results with the touch of a button. That's why, whichever model you choose, Canon is the right choice.

Ben Crenshaw

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Discount Store Census '80/'81

RECORDS & TAPES

Record/Tape Market to Pick Up After 1st Qtr.

Records & Tapes

BOXSCORE

Discount Store Sales	$1.3 billion
Sales per Store	$168,805
Department Size	1,050 sq. ft.
Annual Sales per Sq. Ft.	$161
Annual Turns	4.4
Initial Markup	25%
Gross Margin	18%

The disco records on the racks at this Gold Circle in Columbus, Ohio, will probably be replaced in the next year as consumers begin to favor country and popular music. (DSN photo)

The picture is expected to brighten for a somewhat depressed record and tape market sometime after the first quarter of 1981, as discounters return to the "basics" and increase their stocks.

Already several major discounters report success with the budget line, released earlier this year, and said it is slowly beginning to replace disco, which has begun to decline in popularity.

The budget line retails for $5.95—far less than the average $8.95 for standard tapes and records—and is increasingly released with current music performed by better-known groups.

Previously, discounters said, budget tapes and records contained older songs performed by lesser-known groups.

Also showing promise as a possible replacement for disco, said buyers for chains such as ALCO, Rose's, Copps and oth-

(Continued on page 120)

Discount Store Census '80/'81

FAMILY READING CENTERS

Sales Growth Hampered by Rising Prices

Floor space allocated to books is still growing in the discount industry, although sales growth has been hampered in some cases recently due to rising book prices.

Chains including K mart, FedMart, Hills, Prange-Way and Cook United have either just instituted or are now considering changes to beef up book departments.

Trade-up chains like Caldor, Bradlees and Venture continue to run successful hardcover programs for bestsellers, as does Two Guys, but as a buyer at Bradlees conceded, "Our primary concern is in paperback."

K mart will have "book corners" in more than 300 stores by year's end and the program is designed to spread to other stores. FedMart has begun promoting its books heavily and moving them to 21-title racks near registers to garner impulse sales. Caldor has been promoting its department by bringing in top-notch authors to autograph books, including John Cheever and Isaac Asimov.

The reason for both expansion of departments and promotion of the category can be summed up in one word: potential.

There is great profit potential—when margins in the department can be maintained at 35% and turns can reach six a year—but not without promotion. Already, some chains have noticed consumer resistance to the spiraling cost of many books.

Some, such as K mart and Heck's, reported no consumer resistance to higher price points on books and rather they say they are seeing increases in unit sales. Unit sales at FedMart had slipped, however, instigating that chain's promotion drive. Sales were also reportedly off at other chains such as Woolco, Jefferson and Gold Circle. Gold Circle has reduced the space allotted to books over the last few seasons.

To date, merchandising of books varies widely in the industry. Chains which don't allocate floor space to books often run register tip programs for impulse sales. A step up from this are chains that run small book sections. Cook United, for example, has a 24-ft. run of paperbacks and an 8-ft. section of magazines. Gold Circle allocates a 32-ft. run to its books. Prange-Way devotes up to 80 ft. in some stores.

Book price increases and an uncertain economy this year have been blamed by some buyers for a general slowdown in growth this year in the industry, though the lower-priced romance novels and westerns are responsible for volume increases of 13% at some chains.

Disposable Fact #16

DISPOSABLES JUMP. RAZOR BLADES SLUMP.

Drug Topics, surveying last year's drugstore sales,* reports that something quite odd has been happening to shaving products.

While the category itself showed no great change, razor blade sales fell some 5%, and standard razors positively plummeted, losing over 20%.

Where did the sales go?

To men's and women's disposables, which were up 50% and 45% respectively.

Which leads us once more to the inevitable question:

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS.

BIC® shaver

*Source: Drug Topics, June 2, 1980.

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Energy Savers, DIY Aids to Keep Sales Steady

BOXSCORE

Hardware

• *Discount Store Sales*	*$3.6 billion*
• *Sales per Store*	*$460,827*
• *Department Size*	*3,215 sq. ft.*
• *Annual Sales per Sq. Ft.*	*$143*
• *Annual Turns*	*2.9*
• *Initial Markup*	*42%*
• *Gross Margin*	*37%*

Supply problems are easing on Black & Decker power tools but discounters are still worried about supply shortages at Christmas. Woolco, Austin, Tex., was in stock early this summer. *(DSN photo)*

Hardware department sales grew by 16% over the last 12-month period—a three-percentage-point decline from the gain reported in DSN's 1979/80 census.

Sales on a per-store basis grew 8% to $460,827, only slightly ahead of inflation. Sales per square foot increased commensurately as the average hardware department grew by only five additional square feet during the period.

The report from discounters shopping the Hardware Show in Chicago last month was that sales were expected to remain flat in the second half of the year.

Still, the departmental forecast was not all doom and gloom. There have been several bright spots already this year—home security and lawn and garden—and energy conservation purchases were expected to keep sales afloat during the remainder of the year.

Consumers' interest in doing home repair projects themselves continued to prove a boon to department sales.

Jamesway, K mart, Woolco, T.G. & Y., and Rink's—to name just a few—all upped their commitment to serve DIY customers by expanding their product mix and increasing the number of building materials departments in their chains.

Plastic plumbing, for example, which finds its way into most discounter departments in the form of basic repair kits (toilet and sink) garnered more consumer interest in home improvement oriented chains.

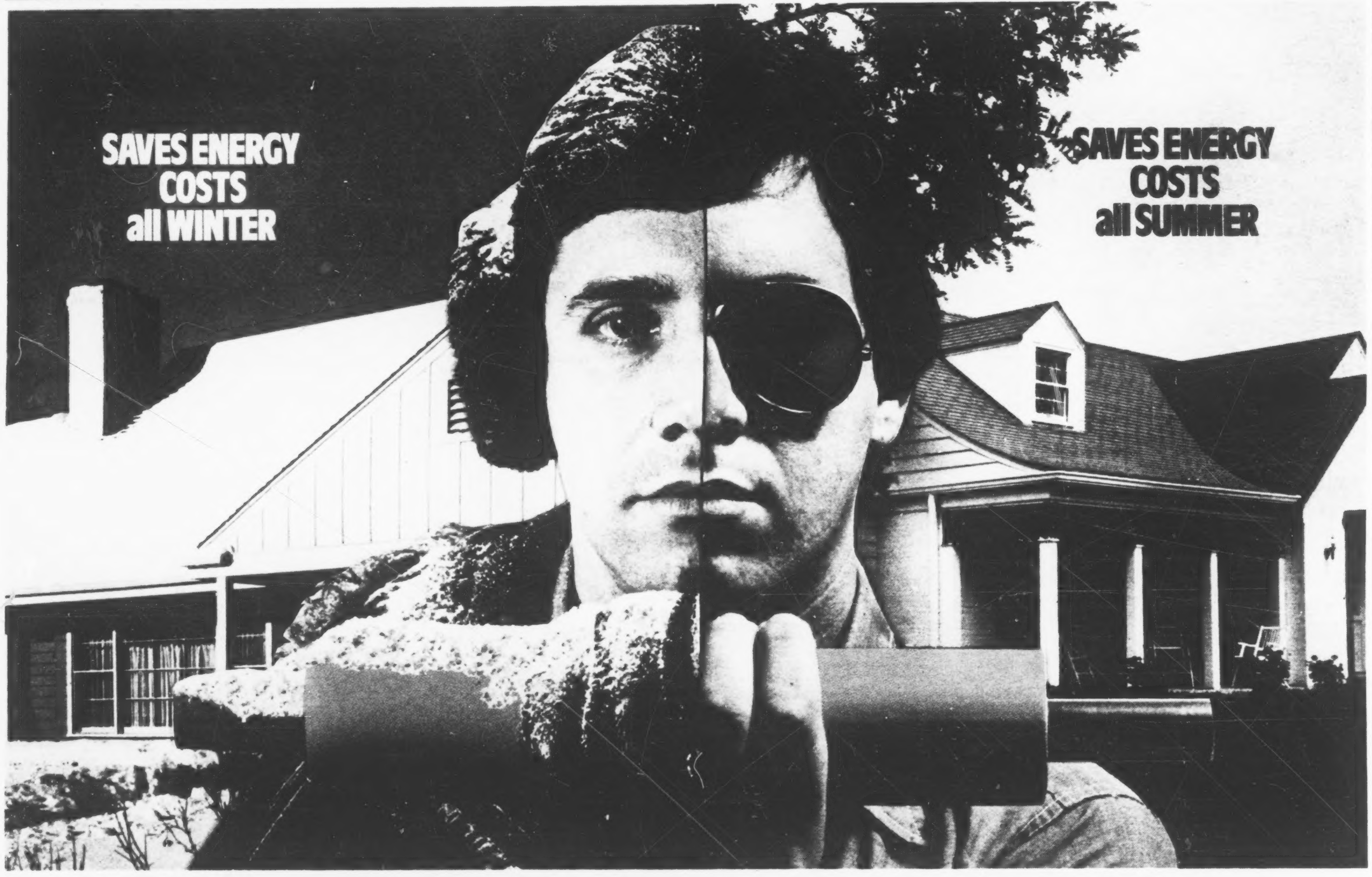
At S. E. Nichols, sales of CPVC and PVC pipe and fittings rose on a par with conventional copper plumbing, producing a 25% overall sales advance last year.

Zayre and Pamida introduced plastic parts into their plumbing departments this year and Woolco reported that plastic supplies now account for up to 65% of its mix.

In electricals, most discounters reported deriving considerable profitability from extension cords but added that the bulk of sales came in spring and summer months when customers shopped for cables to aid them in outdoor maintenance and repair projects.

Bulbs, including fluorescents, switchplates, fuses, TV

(Continued on page 101)



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Hair Items Touted for Yule Despite the Economy

Personal Care Electrics

BOXSCORE

Discount Store Sales	*$2.0 billion*
Sales per Store	*$255,946*
Department Size	*900 sq. ft.*
Annual Sales per Sq. Ft.	*$284*
Annual Turns	*4.2*
Initial Markup	*22%*
Gross Margin	*16%*

Woolco, Rising Sun Plaza, Philadelphia, cross-merchandises hair care appliances with makeup mirrors. Reverse side of cube fixture has other personal care appliances. *(DSN photo)*

Discount stores have again targeted personal care appliances—especially hair-care products—as a key gift-giving category and expect a strong upsurge in sales starting in October as consumers search out moderate-priced but practical items as Christmas presents.

The traditional pick-up in personal care appliance movement will occur, discounters asserted, despite the vicissitudes of the economy, because of the inexpensive cost of this merchandise and the availability of new products.

The one item that has resulted in the major merchandising change in personal care electrics has been the curling brush, which has become the dominant item in the hair curling area.

Curling brushes took off immediately, a Target merchandiser reported, indicating that consumers were ready for a new product in the hair-care area.

An ALCO merchandiser said that "curling brushes are very strong. We have had such good sales increases that we are up to five sku's, compared with two a year ago."

"To make room for the curling brushes, we dropped two curling wands," he added, describing the impact brushes are having on wands.

Styler/dryers account for the other major portion of the hair-care appliance market. In this area, pistol dryers are the key item, a Jamesway executive said, because consumers "want something substantial in their hand when they dry and style their hair."

The hair-care appliances mix of styler/dryers and curling wands amounts to 50% to 60% of the personal care appliance business for discounters. The remaining share is composed of hardhat and bonnet dryers and regular steam curlers and specialty products such as foot massagers and face and body care appliances.

Sales of hardhat dryers have increased and steam curlers have continued as a staple busi-

(Continued on page 119)

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Ladies' Apparel Enjoys Upgrade

(Continued from page 80)

Another traditional discounter, Wal-Mart, upgraded presentation but stopped short of trading up on merchandise in its new prototype stores. Improvements echo those of K mart and other chains seeking a department store-like image for their budget-minded shoppers.

Front quadrant location, race-track layout, carpeting, upscale features, hanging signs and department store decor are hallmarks of the Arkansas-based chain's prototype. The absence of an upgraded mix, however, evidences the contrast between Wal-Mart and its role model, Target.

Caldor is taking steps to increase soft goods profits to 40% of the chain's volume from the current 30%.

Since that decision was made, more fashionable merchandise, displayed in modern Plexiglas fixtures and on stylized mannequins, has appeared in women's rtw. By accessorizing and coordinating display items, the chain hopes to build both multiple sales and a higher-fashion image. For instance, a mannequin on a Plexiglas platform displays fashionable coordinates, available on surrounding deltas, and shoes, hat and handbag available in nearby departments.

Zayre's recent remodeling elaborates on the "Take Another Look at Zayre" promotion to attract new customers and spotlight soft lines at the traditional discounter. Here, too, merchandise presentation and a mix of up-to-date styles keynote the program.

Other chains seeking to boost women's wear profits through changes in presentation and by keying more on high-end fashion items are:

- S. E. Nichols, which is about to complete a program moving women's rtw departments up front from the middle of the store.
- Gold Circle, where the prototype was remodeled and the presentation for wearables upgraded.
- TSS, which has taken over its previously leased women's wear departments and added brand name merchandise.
- Maxway, the new discount offspring of Mack's Variety stores, emphasizing soft lines including the Levi's brand.
- Bradlees, where branded goods, though usually not special purchases, are emphasized.

Thanks in part to the designer jeans boom and consumers' heightened quality consciousness now that they have less spending clout, branded goods have become important to buyers. In fact, in women's rtw, as in domestics and other soft lines categories, buyers say that higher-ticket fashion items have become basics.

The new emphasis on fashion has opened doors to increased profits in women's wear categories besides the traditional "missy" departments.

Half-size categories, a burgeoning fashion area for upstairs stores, are getting more space and sometimes separate departments at discount stores. Junior departments, where many fashion trends including disco, western wear and activewear looks began, have been expanded to capture sales from younger and more liberal-spending shoppers.

Lingerie, often rack-jobber territory in the past, is getting attention on merchandise and presentation counts. Cottons and other high-quality content items are being artfully displayed on mannequins.

Quilting Revived to Counter Stagnant Sales

Fabrics/Sewing Shop

BOXSCORE

Discount Store Sales	$1.0 billion
Sales per Store	$129,266
Department Size	1,400 sq. ft.
Annual Sales per Sq. Ft.	$92
Annual Turns	2.8
Initial Markup	42%
Gross Margin	35%

DOUBLE KNIT
Machine Washable 97¢ YARD
DOUBLE KNIT
$1.57
Sewing

Fabric buyers are expanding into quilteds after recent retreats to basic items. Higher margins of the craft fabric equal higher volume for stores like Oklahoma City T.G. & Y. *(DSN photo)*

Fabric department buyers are reviving the old-fashioned art of quilting to counter stale sales in the high investment category.

Discounters are using quilted fabrics to introduce the higher profit margins of soft craft goods into the slow-growing home-sewing category.

Buyer Henry Curran at Woolco described quilteds as "one of the few bright spots" in his fall buying program. From testing the category in selected stores last year, he has developed a year-round craft-quilt program as part of the 15% to 20% of his mix annually assigned to craft and home decor fabrics.

"We're hoping to develop the whole fabrics category by exciting sewers with quilteds, which I see as a breakthrough in sewing marketing," he said.

Quilted sales are split between craft and apparel uses at Woolco. Manufacturers' promotions, including pattern giveaways, have spurred sales for novelty/gift and do-it-yourself items like duffel bags, purses and placemats.

Placemat quilteds, with six cut-and-sew outlines to the yard, have been especially popular because of the comparatively wide assortment of fabric patterns and prints available to the sewer, Curran said. At six mats per yard, their $1.00 retail is slightly higher than that of ready-made counterparts, but this has not tempered sales, he added.

With a minimum of sewing expertise, a nonsewer can make a gift or home-decor item, and thus potentially become a regular fabrics customer. Home sewers also buy profitable craft supplies before leaving the department, Curran pointed out.

Already, fiberfill garment quilteds have performed well, in response to energy costs.

Overall, the category is still a cold-weather one.

T.G. & Y. fabric buyer Wes Phillips reported good dollar volume, but he was also leery about the category's relatively new burst of popularity.

"We've put tremendous emphasis on it from a resource standpoint," commiting to the category for a third season, he said.

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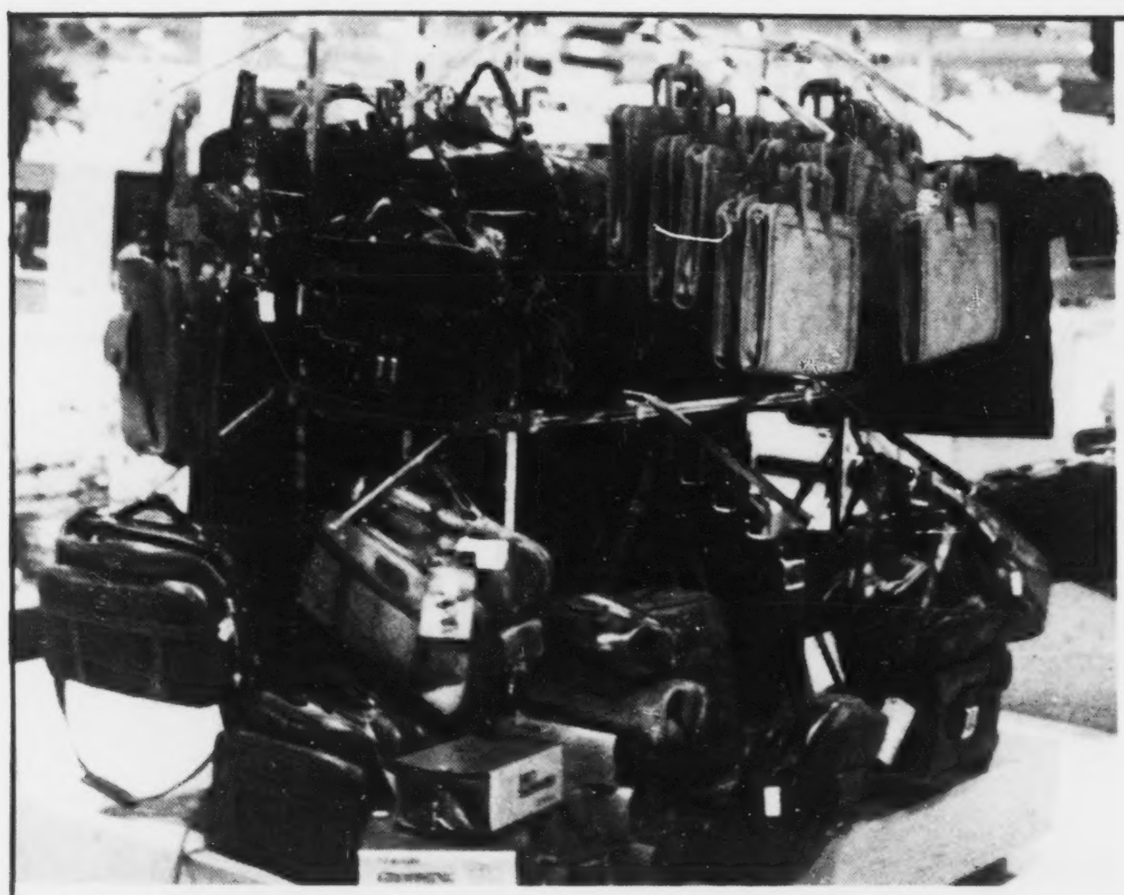
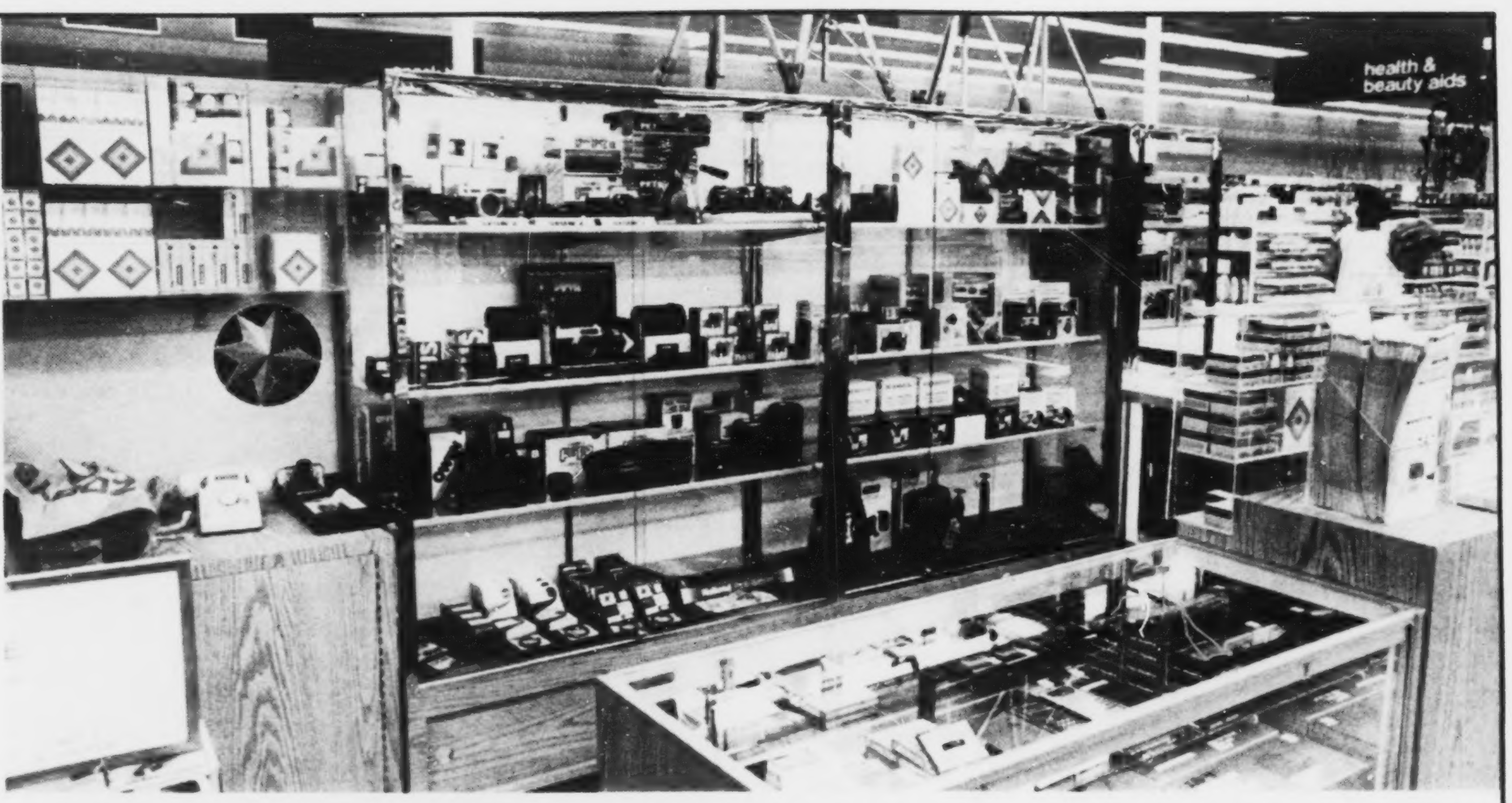
Camera Depts. Shy From Specialty Items



Gold Circle was one of the discount chains to find profitability in camera accessories. In one of its Columbus, Ohio, stores, above, gadget bags get feature treatment. *(DSN photo)*



With consumer electronic technology making consumers more comfortable with sophisticated gadgetry, discounters, like Zodys shown here, found it easy to trade consumers up to single lens reflex cameras. *(DSN photo)*

(Continued from page 83)

ers carry—beyond that price range most fear that their largely inexperienced staffs will be unable to make the sale. They also point to the extremely competitive nature of the category—and the considerable inroads catalogers have made into the market—as further reason for their stocking hesitancy.

Contents of the Mix

Darkroom items are also failing to appear on many discounter shelves. Despite reports that photography is becoming a hobby with more and more consumers, discounters say darkroom hardware and supplies appeal more to a specialty store customer than to their own everyday shoppers. Again, the decision not to stock is related to the inexperienced sales personnel—as with slr's, it takes a knowledgeable staff to make a technical equipment sale.

Looking ahead, buyers expect Christmas to work its usual magic on department sales as consumers buy gifts and increase picture taking (and photo finishing) for the year-end holidays.

It was still too soon to tell, however, if this past summer's round of new products—most notably a pocket camera with automatic on/off flash and another with fashionably colored casings—would make a noticeable impact on fall and holiday business.

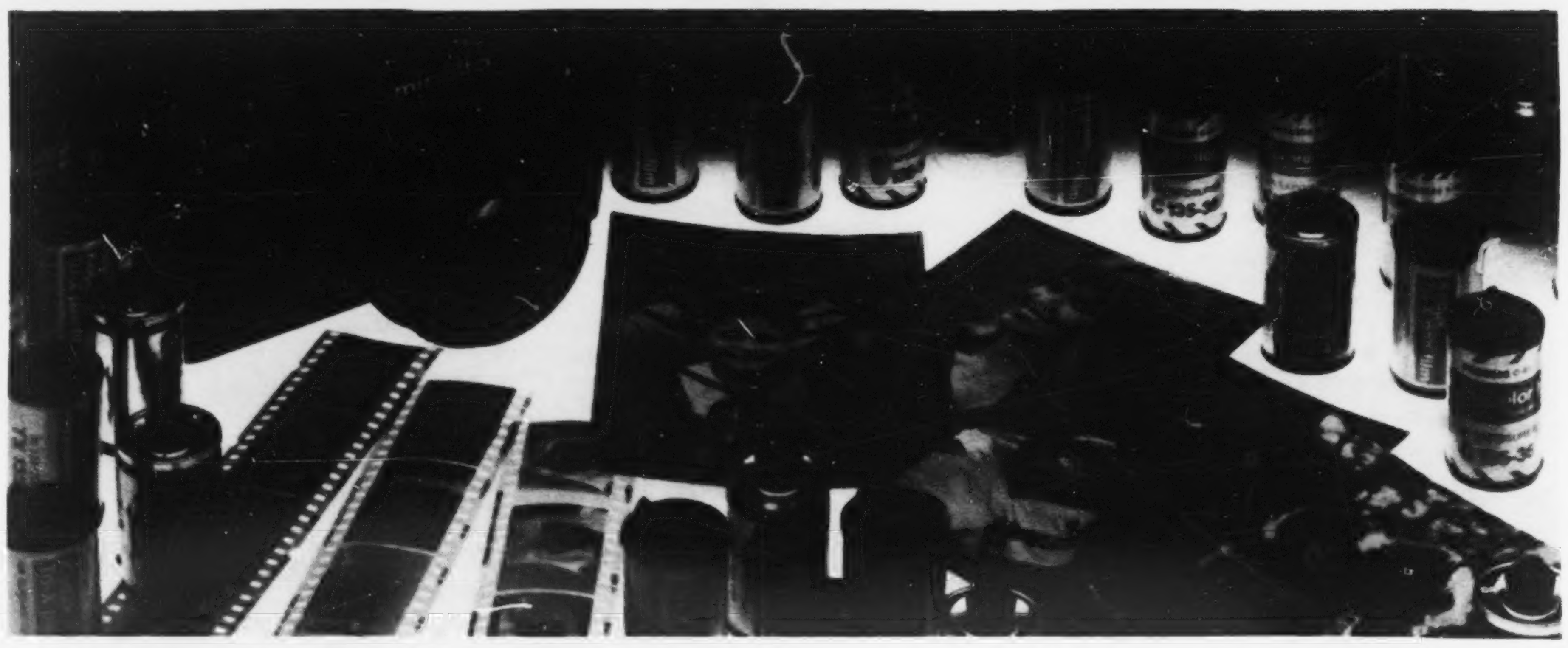
Sales Up

Industrywide, camera department sales were up 12% over last year to $2.5 billion—evidence that the decision by 91% of the country's discounters to own and operate their own departments was paying off. (A decade ago, in 1970, only 63% of all discounters were running their own camera departments.)

In the past year average store volume increased to $323,164, up 7% from the $302,780 discounters rang the year before. Sales per square foot rose from $452 to $482.

Annual turns (3.6), initial markup (23%), gross margin (17%) and average department size (670 sq. ft) remained constant over the past two years.

How To Succeed In 35mm Profits Without Really Trying



Public Spending On Photofinishing At All Outlets

	Amt. in Dollars	% of Total
Industry Total	$1,995,000,000	100%
110 Film Processing	638,400,000	32%
126 Film Processing	379,050,000	19%
Non-Miniature Film Processing	38,900,000	2%
35mm Film Processing	937,650,000	47%

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PAINT

Promotional Battle Cuts Into Profit Margins

BOXSCORE

Paint

Discount Store Sales	$1.2 billion
Sales per Store	$159,648
Department Size	1,270 sq. ft.
Annual Sales per Sq. Ft.	$126
Annual Turns	2.7
Initial Markup	42%
Gross Margin	37%

Discounters rely on national brands as traffic draws, but also use home brands to capture profit dollars. This J. A. Conley's in Massillon, Ohio, has endcapped the home brand. *(DSN photo)*

Sales figures from discounters' paint departments show a mediocre year, and the bottom line tells the story: a tough battle to maintain profit dollars in a sharply promotional category.

Industry sales are up some 9% over last year, while on a store-for-store basis discounters have experienced an 8% average increase in dollar volume.

The 8% increase in sales also boosted sales per square foot 8.2%, as discounters maintained a static department size. Discounters now average $126 per square foot in their paint departments, which do an annual volume of $159,648 per store.

Unfortunately, much of the dollar-volume increase over the last year is directly attributable to cost increases, averaging 7% to 12% at many chains.

In the effort to build real growth in unit sales, discounters have become even more promotional this year, relying on accessory sales and private-label paints to fatten up the bottom line. On average, initial markup decreased from 1979 as a result of sharper pricing emphasis, shrinking by 2.4%. Initial markup in the department now averages 42%.

Deep-cut promotional prices on paint at peak season reflected the competition. Du Pont and Glidden, the major name-brand paints promoted by discounters, had everyday prices cut 26% to 38% by chains.

Indicative of the sharpness in pricing were competitors such as T.G. & Y. and Magic Mart; summertime promotions of Du Pont wall paint ran at $8.93 per gallon at Magic Mart and $8.44 at T.G. & Y.

Glidden Spred was offered at an amazing 40% off everyday price by Venture in peak season this year, running at $8.99 a gallon compared to the everyday $14.99.

Richway offered its home-brand paint at $1 per gallon less in its promotions, exemplifying discounters trying to recoup profit dollars from thin-margin pricing by touting private-label paint heavily.

While many chains devote up to 50% of shelf space to home brand paints, taking advantage of margins that run 10% better than branded goods, on average, branded paint still does roughly 60% of the business.

hearts and flowers Laurel and Hardy gin & tonic birds and bees peanut butter and jelly stocks and bonds rock and roll Jack and Jill corned beef & cabbage nuts and bolts sales and profits $$$$$

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LAWN & GARDEN

Trimmer Promos, Mower Cost Hikes Clip Net

Cook's hit on a "patio" theme in seasonal lawn and garden department, as shown in this Syracuse, N.Y., store. This tight display gives lawn furniture a yard look. (DSN photo)

Gas grills have become a bulwark in lawn & garden departments for the last two seasons, with many chains moving into accessories. This deep display is at Target, Hurst, Tex. (DSN photo)

Stay-at-home consumers spread plenty of green at discounters' lawn and garden departments this year, although increased movement of promotional models in string trimmers and cost increases in mowers clipped volume dollars down before they could reach the bottom line.

New items such as bug killers, less promotional gas-powered string trimmers, trade-up models in gas grills, and larger live plant nurseries were used to bolster the bottom line.

In string trimmers, a departmental favorite for the last three seasons, chains continued to stock a half-dozen sku's in an effort to move consumers up to high-ticket trimmers. Although a replacement market is developing, raising hopes for gas-powered models next year, action continued to be hottest at the low end.

Bradlees, Hills and ALCO were among those reporting the greatest activity in sharply priced, low-end models, and more than one buyer complained that the category has now "shaken down prices, and price fighting among chains has made it harder to make money."

There is no question that the initial sales market—before replacement or trade-up goods—is still a growth area. Manufacturers looked to finish the season with a 5% to 10% unit growth in the category, as only about 20% of households in the country own a string trimmer, according to one manufacturer's estimate.

However, with increasing competition forcing more chains to run near cost on the promotional models, profit dollars must be made elsewhere despite the very high sales volume.

Ames has experienced a 20% real growth in the category this season, but primarily from the promotional models. One promotional model at Bradlees accounted for almost half the total sales in the category at that chain, according to a buyer there. Two promotional models at ALCO accounted for 90% of sales volume in the category.

The problem with these rosy increases in sales volume is the thin margins. As a Hills buyer put it, "the bottom has fallen out" of the market. This accounts for the interest in gas-powered models, which were stocked heavily this year by chains ranging from K mart to Caldor.

K mart's program this season contained three sku's in gas-powered trimmers ($129 everyday price, $99.99 on sale). Rose's carried three gas models in most stores. Woolco carried two gas models in its assortment of seven sku's in trimmers. Heck's added two sku's in gas-powered trimmers for the season.

Chains that did stock gas models this year found sales volume rewarding. Lasting power and lack of a cord, advantages over battery-operated and corded models, spurred consumer response. A Caldor spokesman praised gas-powered trimmers as ideal items in a developing replacement market.

"The same customers who bought their first string trimmer at a promotional price now come into our stores looking for items with deluxe features," he said.

A buyer at Rose's attributed much of his chain's 40% volume increases in string trimmers this season to the gas models. A Hills buyer said the models were "the health and future of string trimmers."

The other major power tools in lawn and garden, the mowers, are the subject of concern once again because of price increases. After being hit with cost increases of 10% to 12% this season, similar cost increases were announced for next year by lawn mower manufacturers.

In addition to cost increases on mowers at present, after next season the "deadman clutch" law will be in effect, requiring mower blades to stop automatically once the handle is released. The safety requirement will add 8% to 10% to a mower's cost, in manufacturers' estimates, and $20 at retail (minimum) in estimates by chain buyers.

At least one chain has beaten the regulators to the punch.

(Continued on page 101)

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APAA Show Section: Pp. 13-32

Discount Store News

Small-Chain Biz Slice Dips In Cost Crunch

It's 11th Hour For Korvettes

What's Behind K mart's Test Of U-Pak Box Food Store?

Jewelry Sales Glitter in '79 Gold Rush

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1980: THE YEAR OF THE DISCOUNTER

Gas-powered Trimmers Hike Replacement Sales

(Continued from page 98)

Gold Circle, which tested a model with deadman controls in its Ohio stores, added the mower to its merchandise mix.

While some chains have been enthusiastic about better models in mower assortments, such as Bradlees, Gold Circle, Heck's and Woolco, many buyers now worry about price points after the latest wave of cost increases. Rear-bagger, self-propelled and other trade-up mowers will not only require a larger dollar commitment next year per unit, but may slow down in movement off the floor due to price increases.

New items such as bug killers, introduced at many chains for the first full season this year, should be able to take up some of the slack if any occurs in mowers next season, along with the gas grill market, which is still growing and the increasing sale of greenery.

Shipments of gas grills from manufacturers grew 16% last year, according to figures developed by the Barbecue Industry Association, an increase from the 11% unit-growth the year before.

One of the more pleasant developments for many discounters in recent seasons is movement of plants, a trend which intensified this year. Particularly for chains with stores in the Sunbelt, such as Target, Wal-Mart and T.G. & Y., plants have turned into a bonanza.

Target went after consumers in early-season promotions as far north as its Minneapolis headquarters, offering several sku's in shrubbery in ROP advertising ($2.99 to $6.99, everyday prices $3.99 to $9.49).

Even Northern chains with a short summer season have been able to reap a large return due to fat profit margins in the category. Initial gross margins can run to 60%, with average gross margins often equaling 35% to 40% after promotions and other factors are included.

The possibility of tie-in sales also makes plant business appealing.

Hardware

(Continued from page 86)

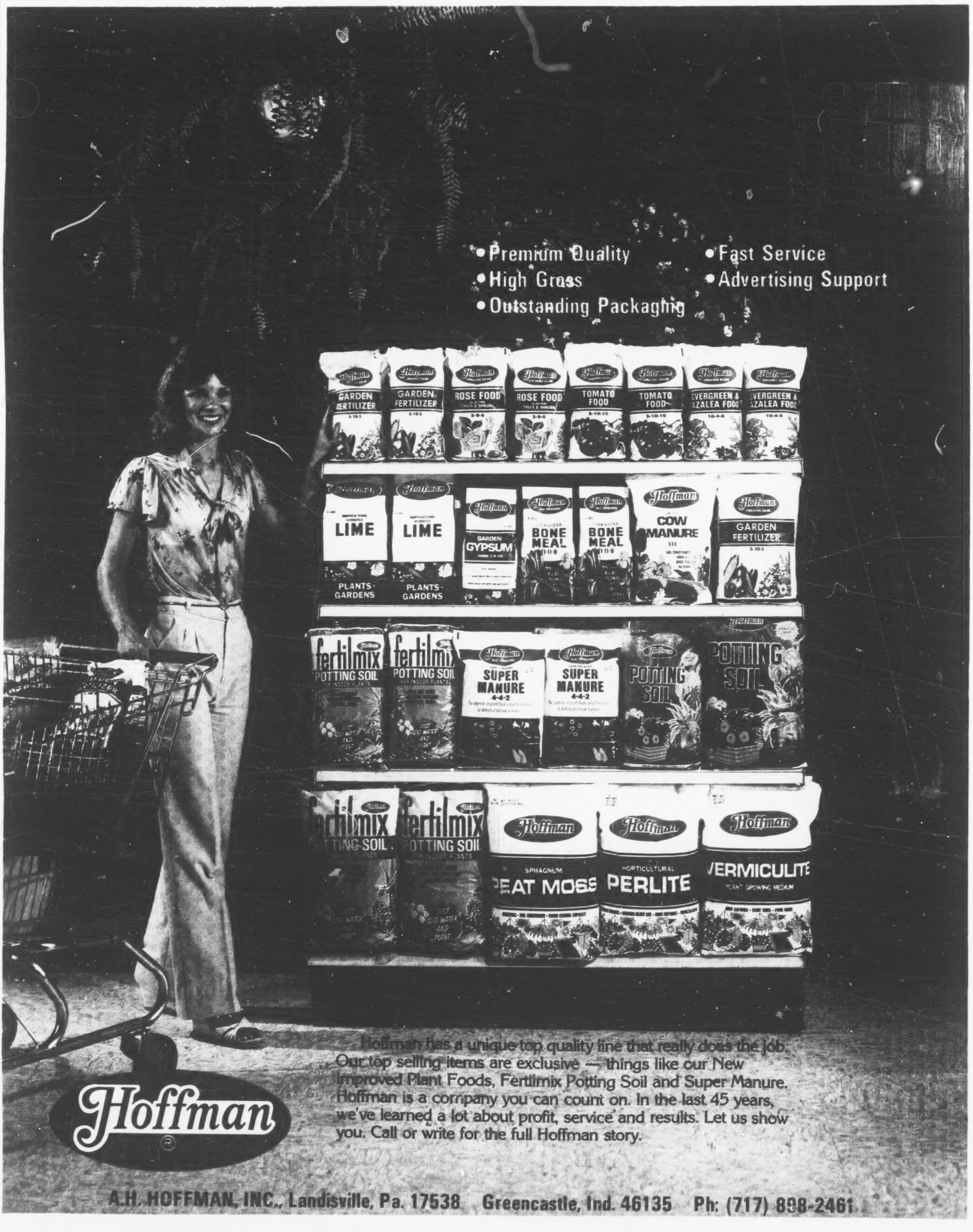
antennas, dimmer switches and lamp components are also best sellers among discounters, who opt for basics over more sophisticated electrical-project parts.

In power tools, discounters report consumer trade-ups to higher-priced tools are becoming more common as more shoppers become DIYers, but the pressure for promotionals is still there. So, once again, discounters are wondering whether or not there will be enough of a low-end supply to take them through Christmas.

Last year, many discounters got shut out by Black & Decker's failure to keep up with demand for its highly promoted tools. This year, while chain buyers say most supply problems have been eliminated—aided by a dropoff in sales—most are still unwilling to relax. In fact, some particularly wary buyers have decided to eliminate the Maryland-based supplier's line from Christmas ads, rather than run the risk of having empty shelves.

Plastic hoses, the basic building block of most discounters' lawn and garden departments, are unfortunately tied to oil prices. This mass display is from a Two Guys in Hackensack, N.J.

(DSN photo)



Hoffman has a unique top quality line that really does the job. Our top selling items are exclusive — things like our New Improved Plant Foods, Fertlimix Potting Soil and Super Manure. Hoffman is a company you can count on. In the last 45 years, we've learned a lot about profit, service and results. Let us show you. Call or write for the full Hoffman story.

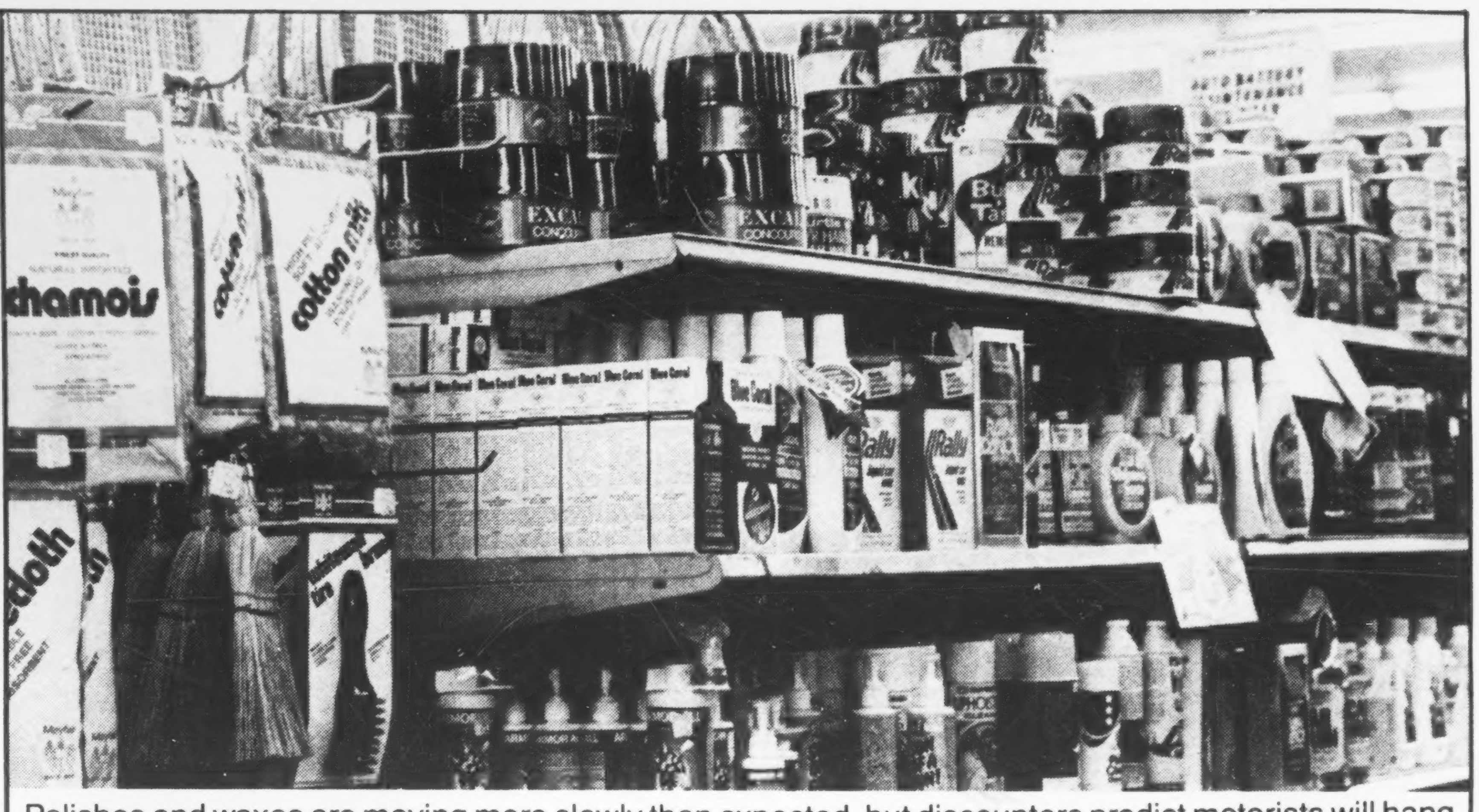
A.H. HOFFMAN, INC., Landisville, Pa. 17538 Greencastle, Ind. 46135 Ph: (717) 898-2461

Car Prices Expected to Hike After-market Biz

Automotive

BOXSCORE

Discount Store Sales	$3.7 billion
Sales per Store	$491,209
Department Size	2,280 sq. ft.
Annual Sales per Sq. Ft.	$215
Annual Turns	4.5
Initial Markup	33%
Gross Margin	27%



Polishes and waxes are moving more slowly than expected, but discounters predict motorists will hang onto their vehicles longer, and a surge in beautification products is inevitable. *(DSN photo)*

Discounters are predicting that the skyrocketing prices on new cars and continued increases in auto repair costs will translate into substantial sales increases in the auto aftermarket during the coming year, as more motorists than ever do their own repairs.

Most discounters surveyed were reluctant to say exactly how much sales should rise. But many said that a good winterization program this fall and strong promotions throughout the year could generate an increase of at least 10%; probably closer to 20%.

Car beautification items will do well, discounters said, as increasing numbers of people put off new car purchases and try to better maintain the cars they have.

DIY Stars

The real stars, though, are going to be the traditional favorites of do-it-yourselfers—oil, spark plugs, filters and other maintenance items.

Officials of chains such as Woolco, Gold Circle and King's have noticed that do-it-yourselfers have been getting more adventuresome and taking on increasingly complicated repair tasks.

In the coming year, many predict, hard parts now stocked by only a few chains will grow in importance. Those items include fuel pumps, alternators and electric radiator fans.

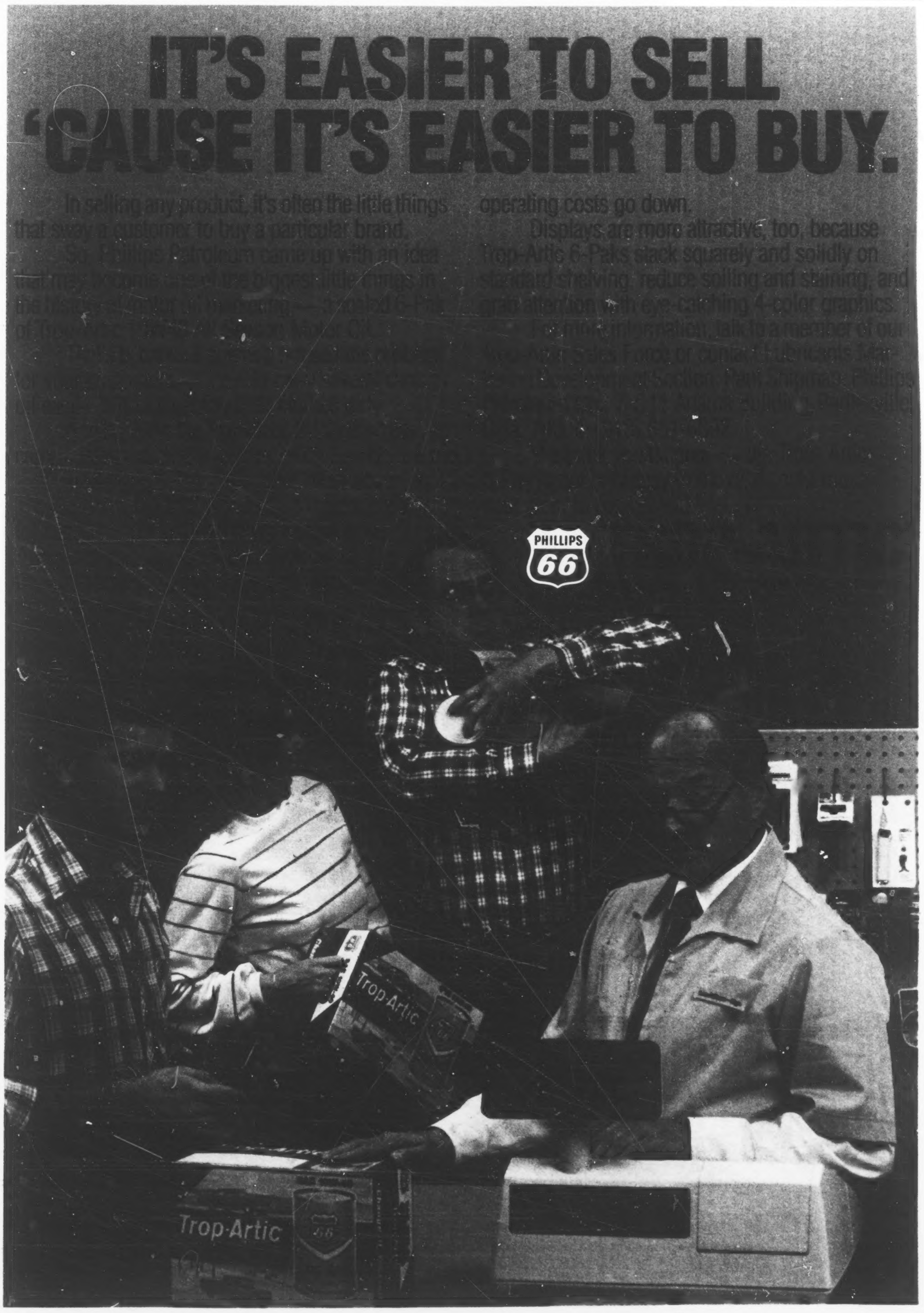
Figures supplied in several recent product movement audits by the Allied Accessories and Auto Parts Company, which deals with more than 1,700 discount stores, tend to support the trend.

Spark plugs, as well as tune-up kits, chemicals and oils, were the strongest performers in 1979, and preliminary statistics indicate they are doing even better in 1980.

Creeping up to more dominant positions on the list are items that allow car owners to do more complicated repairs and heavy duty jacks that allow them to get under their vehicles with greater ease.

Two makes of mufflers made it onto the list of top 100 best sellers this summer and a $69.96 two-ton hydraulic floor jack continued to make impressive showings.

(Continued on page 103)


IT'S EASIER TO SELL 'CAUSE IT'S EASIER TO BUY.

In selling any product, it's often the little things that sway a customer to buy a particular brand.

So Phillips Petroleum came up with an idea that may become one of the biggest little things in the history of [illegible] — [illegible] 6-Paks of Trop-Artic [illegible] Motor Oil.

[illegible]

operating costs go down.

Displays are more attractive, too, because Trop-Artic 6-Paks stack squarely and solidly on standard shelving, reduce soiling and staining, and grab attention with eye-catching 4-color graphics.

For more information, talk to a member of our [illegible] Sales Force or contact Lubricants Mar[illegible] Section, Paul Shipman, Phillips [illegible]

Mufflers and Floor Jack Make Strong Showing

Sales of gas additives as well as other chemicals are climbing as motorists get more concerned about engine efficiency. Rose's, Millsboro, Del., features chemicals near tune-up parts. *(DSN photo)*

Oil is expected to play an increasingly bigger role as a promotional item in discount stores. Oil is displayed along with a full selection of funnels in this Rose's store in Millsboro, Del. *(DSN photo)*

(Continued from page 102)

T.G. & Y. was one chain reporting considerable success with two mufflers it has recently begun to carry in 250 stores. One retails for $9.95. The other is $15.77.

Automotive chemicals are expected to continue to make a strong showing as car owners become increasingly concerned with keeping their vehicle on the road as long as possible.

Several discounters noted that while mileage boosters are selling well, they are not as strong as many believe. And while they will continue to be an important item in automotive sections in the coming year, further growth will be slower.

Several chains have reported they are avoiding the lesser-known regional brands of mileage improvers in favor of nationwide lines with more substantiated mileage claims.

Body kits will also continue to grow in importance for discounters as an increasing number of motorists remove dents and bangs themselves.

Several years back motorists generally avoided do-it-yourself products in this area, buyers said. The new kits offer greater ease in use, however, and motorists frequently find they can obtain results that are close to those offered by professional body shops, buyers said.

Although car beautification items will generally not do as well as other categories of automotive parts, halogen light kits are proving to be an exception in some areas.

Priced from $19.88 to $21.88, motorists are finding them both valuable in increasing visibility and easy to install.

Sales are particularly good in the Middle West and even in rural sections of the Northeast, where they are a popular addition for pick-up trucks.

November Bow For Uncle Bill's

CLEVELAND—Cook United will open its 13th Uncle Bill's discount department store in the Greater Cleveland market—its first in suburban Brunswick—this November.

The store, an existing 53,000-sq.-ft. retail space at the corner of U.S. Route 42 and Ohio Route 303, is currently being renovated and remodeled.

ANCO PRESENTS...
A PROMOTION TO BRING IN THE CUSTOMERS, AND THE PRODUCTS TO KEEP THEM COMING BACK.

Laurel and Hardy® Larry Harmon Pictures Corporation, 1980.

How would you like to offer your customers a quality western-cut vest for only $18.95?

It's easy. Just introduce the ANCO quality line in your store now.

You win two ways. With a quality offer and quality products.

Every ANCO product, from wiper blades to windshield solvent, reflects the highest of industry standards...the kind of quality your customers immediately recognize and come back for.

So start attracting new customers this fall with this super new promotion, and increase your wiper sales at the same time.

Ask your supplier for full details.

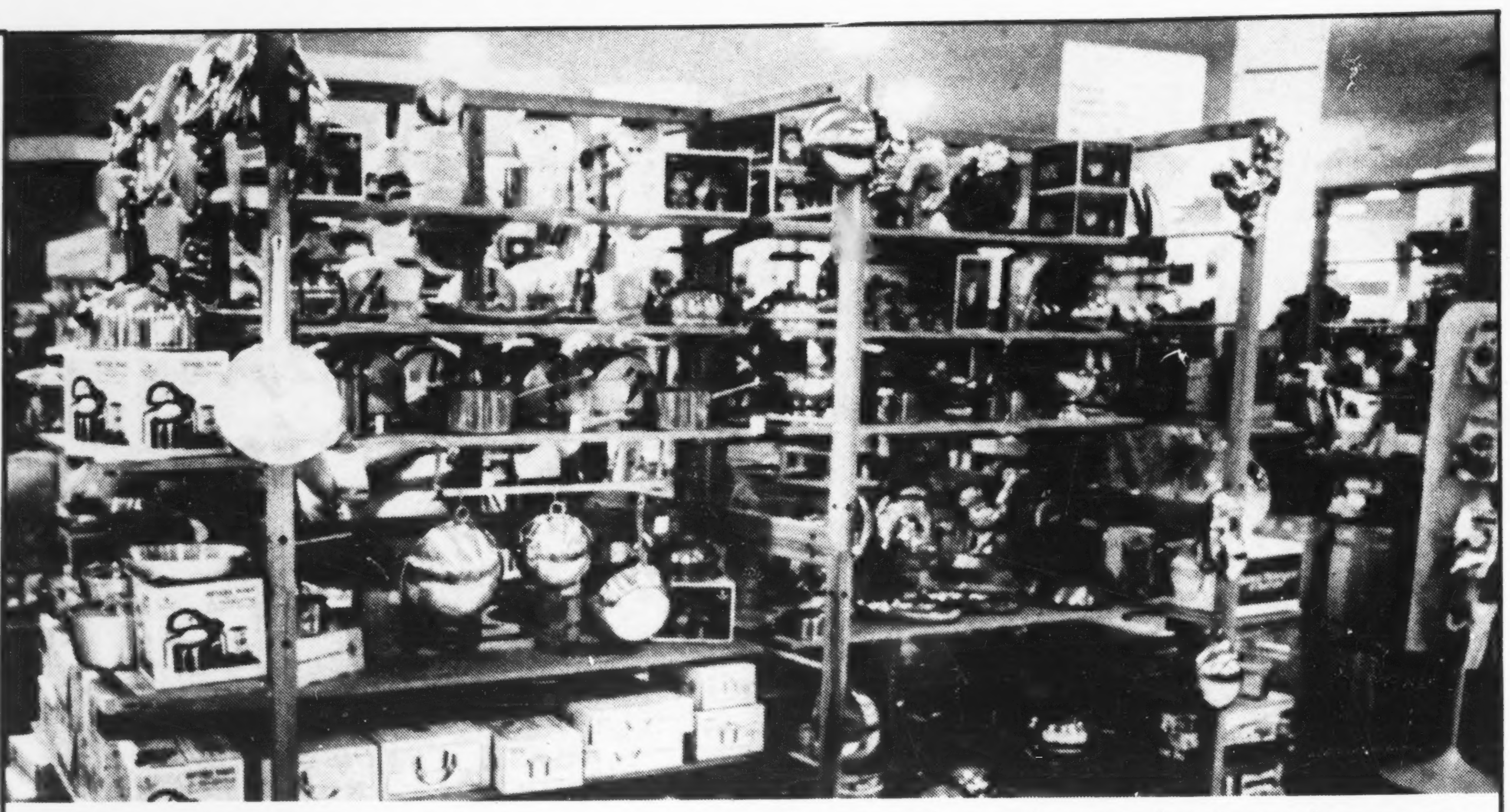
ANCO.
To see your way clear.
Gary, Indiana 46440

Housewares Boosts Share of Store Volume

Housewares

BOXSCORE

Discount Store Sales	$4.2 billion
Sales per Store	$542,916
Department Size	5,734 sq. ft.
Annual Sales per Sq. Ft.	$95
Annual Turns	4.2
Initial Markup	38%
Gross Margin	34%



Jefferson, Woodbury, N.J., features new gourmet cookware section as keynote for stepped-up presentation of housewares. Open fixtures using natural wood bars and shelves are used extensively.
(DSN photo)

Despite the vicissitudes of the economy, housewares has turned into a stellar department for discounters, with sales not only holding up but actually growing and capturing a greater share of total store volume.

This situation reflects the fact that the nonelectric housewares category offers discounters the twin opportunities of merchandising basic, fast-turning goods such as gadgets and chemicals, and step-up, fashion-oriented home decor items such as modular furniture, pictures and mirrors.

The shining outlook for housewares can be seen in the statistical profile of the department which shows that total discount store housewares sales will hit $4.2 billion this year, up 23.5% from $3.4 billion. Volume per store will jump 16% to $542,916 from $467,933.

A 12.4% increase in department size to 5,734 sq. ft. will lift sales per square foot 3.5% to $95 from $91.75. The low sales-per-square foot figure is deceptive. At first glance it would seem to make housewares a low-profit department, among the lowest for hard lines.

Housewares, however, has a 4.2 annual turn, which, combined with a 38% initial markup and a 34% gross margin—both higher than last year—makes the department a strong generator of gross profit dollars.

The production of bottom-line dollars, and the total sales—No. 3 among all categories—explain why discounters are strengthening their commitment to housewares. Objects of these efforts include:

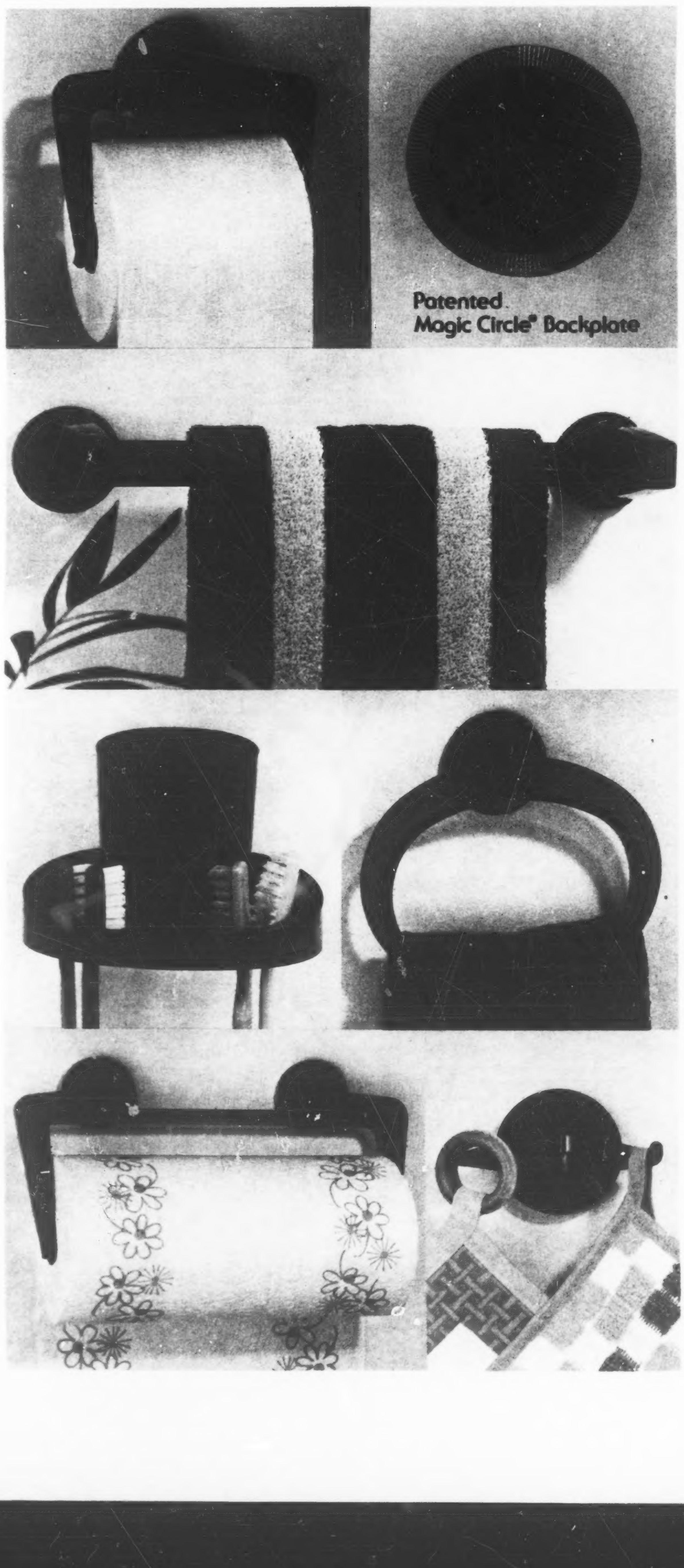
- Gourmet cookware. Zayre and Jefferson are among a growing number of chains that have developed gourmet cookware sections that combine stepped-up cookware with specialty items such as steamers and spinners to dry vegetables. The upscale fixturing uses natural wood units to mass-display the merchandise.

Jefferson plans to have the section in all its stores, having put it in units opened this summer in Philadelphia and in remodelings of older stores in Florida. Zayre has the section in almost two dozen stores that have been remodeled and is set to put it in another 15 to 20

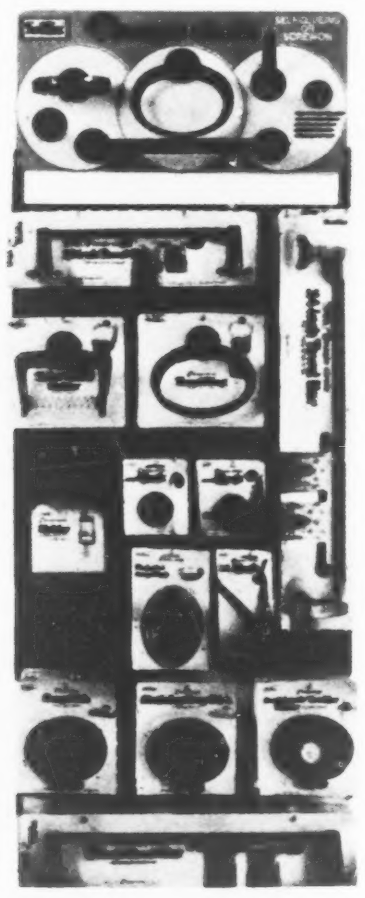
(Continued on page 120)

Forever Amber!

by Selfix®



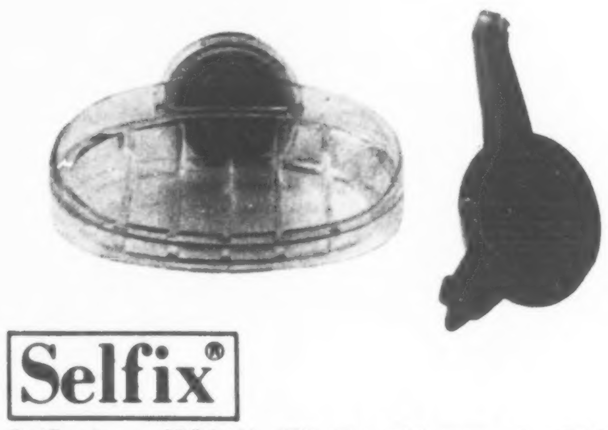
Only Selfix has the exclusive Magic Circle® backplate, the foundation for this ingenious mounting system. Self-glueing or screw-on with wood insert, the plate goes up first so the product slips over it and aligns perfectly.



No. 1290 Assortment

Made from exclusive, durable lustrous Accryl™ each amber bath product is packaged on beautiful 4-color cards. Magic Circle displays sparkle with everything from towel bars to hooks. You'll want to stock amber forever!

Products also available in smoke, crystal and assorted.



Selfix®

Selfix, Inc., 4501 W. 47th St., Chicago, IL 60632
Selfix of Canada, Ltd., Scarborough, Ontario M1H 2V5
Bathwares (Selfix), Ltd., Swindon, England SN1 2PG

JEWELRY

Soaring Gold Prices Alter Mix of Many Depts.

BOXSCORE

Jewelry

Discount Store Sales	$850 million
Sales per Store	$109,076
Department Size	550 sq. ft.
Annual Sales per Sq. Ft.	$198
Annual Turns	3.1
Initial Markup	48%
Gross Margin	40%

Caldor, Middletown, N.Y., showcases fine gold jewelry to give an upgraded image. Shorter lengths and lighter weights of 14-karat gold chains are popular today. *(DSN photo)*

Skyrocketing gold prices changed the character of many discounters' jewelry departments this year. Buyers for chains in smaller or nonmetropolitan markets saw themselves being priced out of the 14-karat gold business, and consequently placed greater emphasis on gold-filled items, based metal watches and costume jewelry.

At the same time, the change in jewelry prices opened the door for many upscaled chains that capitalized on their department store images and lower prices to win sales. These discounters upscaled their presentations and introduced diamonds and gemstones into

(Continued on page 114)

Stationery

(Continued from page 70)

periment with glue. Bi-Mart offered private label pencils, and will expand its private label in stationery in the future. Buyer Larry Polen noted that in categories where brand names were well established, the chain would stay with those names.

The home/office category continued to pump new life into the department this year. Buyers added high-ticket items, and learned to stretch the category's already high profit potential with year-round promotional activity.

Caldor established its home/office section two years ago with just a "smattering" of items and in a handful of stores, according to buyer Al Pius. Today, all stores carry a section. Size of the section depends on the strength of the business community surrounding the store, although the average size is 8 running ft. Assortment includes home safes, globes and desk accessories.

Bradlees devotes more space to home/office items than to any other category in the department. The section is double the size of both its school supplies and writing instruments sections.

Wal-Mart introduced desks this year and has two models in most stores. The high-end item carries a $318 ticket.

The buyer is considering the inclusion of full suspension files that retail from $60 to $100.

They look identical,
twice as much
three on

You can make twice as much because the ones on the right aren't ordinary sunglasses. Their lenses are SunSensor® lenses by Corning.

SunSensor lenses can mean 100% more profit.

Market data shows sunglasses with SunSensor lenses sell for nearly twice as much as ordinary sunglasses in many retail outlets. So you can do almost twice the dollar volume and make twice the profit, based on equivalent margins. That means more profit per square foot without adding an inch of shelf space.

We're growing fast.

Last year our market share went up dramatically and it's still climbing. SunSensor lenses' sales for the first six months of 1980 are even higher than last year.

Our line is growing, too.

It's growing to give people exactly the color and degree of darkness they want. Some want the original SunSensor indoor/outdoor lenses. Others want the premium SunSensor XDF™ lenses that change from light to dark in less than 60 seconds, and now

SUNSENSOR and SUNSENSOR XDF are trademarks of Corning Glass Works, Corning, N.Y. 14830.

DOMESTICS

Discount Store Census '80/'81

Fashion Trend, Energy Costs Influence Buyers

BOXSCORE

Domestics

Discount Store Sales	$2.0 billion
Sales per Store	$258,531
Department Size	3,120 sq. ft.
Annual Sales per Sq. Ft.	$83
Annual Turns	3.6
Initial Markup	40%
Gross Margin	36%

Drapes that insulate and/or give a decorator look, attracting the thrifty home decor customer and the energy conscious, are positioned for storewide view at Jamesway, Saugerties, N.Y. *(DSN photo)*

Domestics buyers over the past year have been influenced by revived consumer interest in home-decor departments and the ongoing concern about the high cost of energy.

Summer's-end sales and fall buying witness this year's approach to curtains and draperies.

Curtains, in particular, reflect home decor trends with new fashion touches. New stylings include smocking and various ruffle treatments; and prints are making a more important statement here, just as they are in piece goods, apparel and other fashion categories.

The expense of staying warm and keeping cool is one major selling point in energy conservation pitches emphasizing draperies that insulate.

The energy story is of prime importance at Caldor, where curtain, drapery and domestic buyer Gale Egan said self-lined drapes will be emphasized in POS and print advertisements. With draperies comprising 42% of the mix in her department, a new energy-conserving self-lined Malimo was added to spark fall sales.

In curtains, which dominate the mix, the smock tier continues as a strong performer. New print and eyelet trims have been added to tiers, while embroidered panels and lace dress up tailored and cape curtain categories.

Continued success in those styles is seen at Gibson's, too, where new smock and ruffle detail entries were added for fall.

But, like at Caldor, the big story is in energy promotions. Gibson's buyer also added a self-lined drape this season and said he was "looking for substantial sales increases as a result."

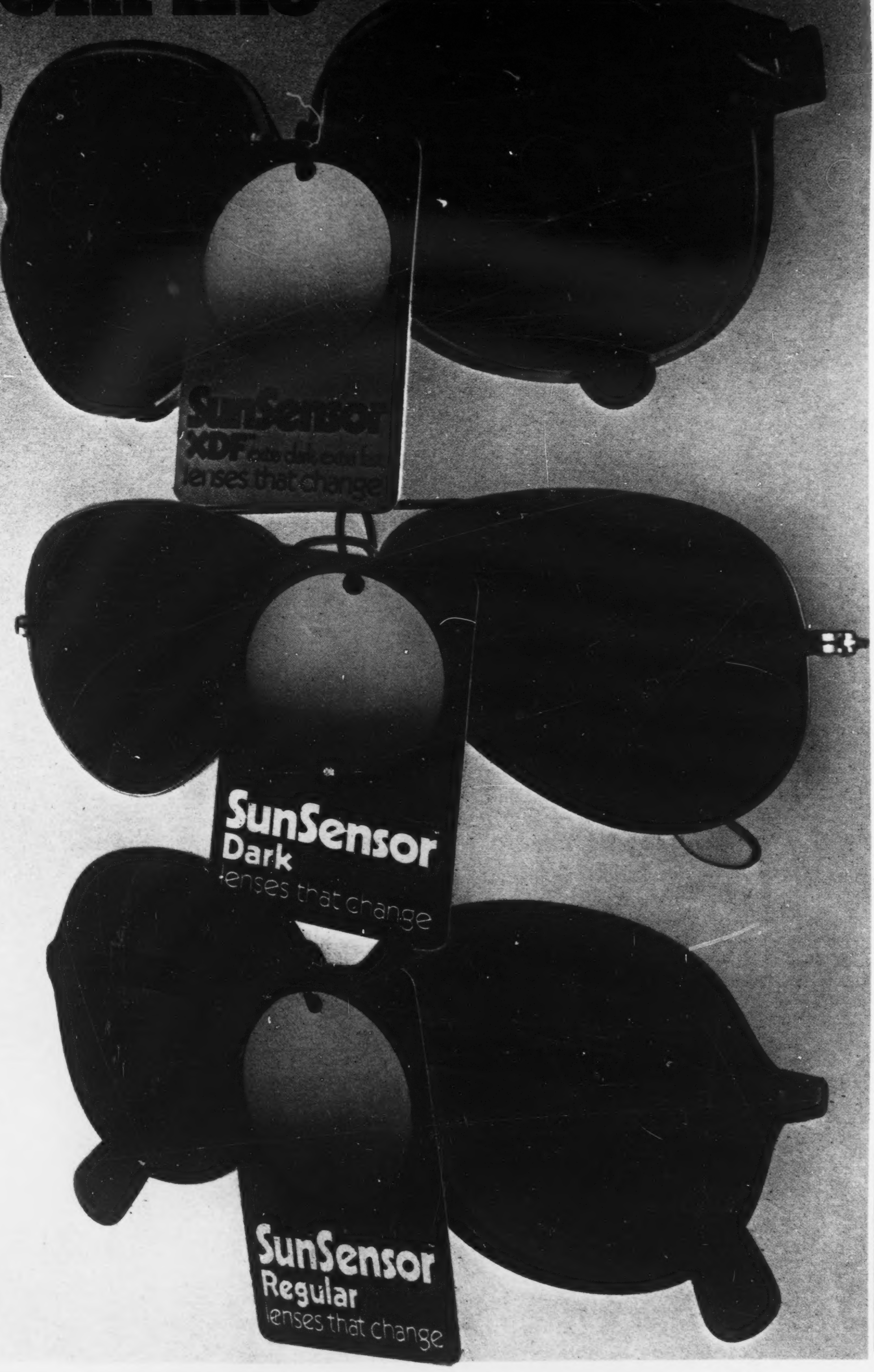
He expects turns to be three times better for those he promotes as energy savers.

"We are looking for a low- to middle-price point to promote at $9.99," he said. "Our customer wants the most current drapery fashion at moderate prices."

Fashion in drapes translates to traditional earth tones, new prints, jacquards and satins in draperies.

Basic items with new stylings are the rule at Heck's, which has experienced a conservative year, compared to Caldor.

but you can make money from the the right.



come in four fashion colors.

Then there are all those folks who prefer our SunSensor Dark lenses. They start out dark and get even darker. We're making these dark lenses in a new color, too—a brown that's compatible with all the new fashion frames.

SunSensor lenses are TV stars.

Last year we ran more national TV commercials than any other sunglass lens. This year we're spending even more.

We'll be on during the peak selling months of April, May and June. And our new commercial will feature one of the world's best-known TV celebrities.

The power of the hang tag.

Every SunSensor lens commercial features the SunSensor lens hang tag with its big orange sun. Research tells us that your customers remember it and look for it. And next to our big SunSensor lens hang tags, you can hang bigger price tags.

Those bigger price tags add up to bigger profits for you.

CORNING

Discount Store Census '80/'81

TOYS

BOXSCORE

Toys

Discount Store Sales	*$2.9 billion*
Sales per Store	*$374,870*
Department Size	*2,660 sq. ft.*
Annual Sales per Sq. Ft.	*$141*
Annual Turns	*3.8*
Initial Markup	*36%*
Gross Margin	*29%*

Buyers Try to Stretch Business

StarBird
StarBird
ELECTRONIC BATTLESHIP
simon
simon
simon
simon

Discounters predict runaway sales of nationally advertised electronic-game toys again this year such as these shown at Bradlees, Burlington, Mass. *(DSN photo)*

Toy buyers are fine tuning their basic assortments and selecting items for dependable turns at decent margins. They hope that strong basic assortments will help stretch both toy sales and profits over the entire year, weakening their dependence on the highly promotional Christmas season.

Back to Basics

The move toward basics comes in response to consumer demand for greater play value, durability and family entertainment, buyers said. Last Christmas, consumers showed increased interest in getting mileage out of their dollars as evidenced by the strong sales performances turned in by preschool, board games, non-TV dolls, and miniature wheel goods categories.

This trend also led buyers to scrutinize their TV toy selection, where high-tickets continued to meet consumer resistance. Yet buyers did not lose sight of the importance of carrying an adequate selection of these traffic drawing items. They cherry-picked TV toys based on such factors as manufacturers' advertising support and price points. For instance, at Hecks, buyer Bob Kuhns avoided TV toys priced over $15 because of customer resistance to prices beyond that point last Christmas.

Ad Support

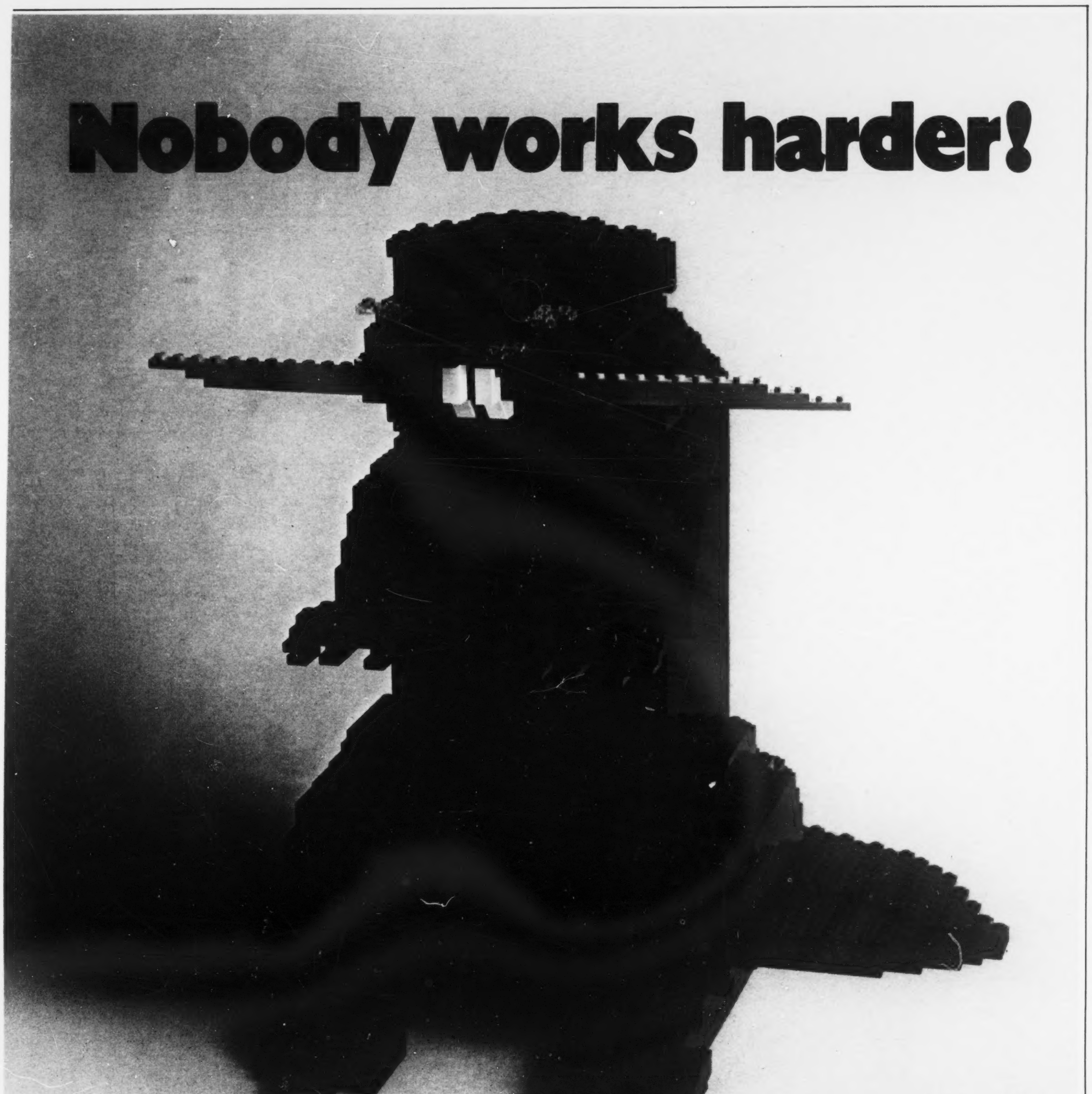
T.G. & Y. buyers were also among those who chose not to be as aggressive this year with TV toys, according to buyer Nick Jung. They are backing up the major TV toy companies, but are not going as deep as in previous years. TV toys must also be supported by at least $700,000 of network television advertising before they are considered for the T.G. & Y. toy lineup, he said.

As basics become a bigger portion of the toy business, buyers hope to generate productivity year-round. Basics afford higher gross margins, and along with year-round sales, could make toy departments a leading profit maker for discounters.

A recent Product Movement Audit (PMA) conducted for DSN by Consolidated Toys, revealed sales increases for every month in 1979 over the previous year. This had observers speculating that some progress has already been made to broaden the toy-selling period.

Board game sales were bolstered by the stay-at-home trend. Consumers searching for inexpensive modes of family

(Continued on page 111)



We want you to know. We're working as hard as we can to serve your needs:

Still expanding! Our newly enlarged Warehouse and Packaging facilities are now in full operation – and we're planning even further expansion to meet your expanding demands.

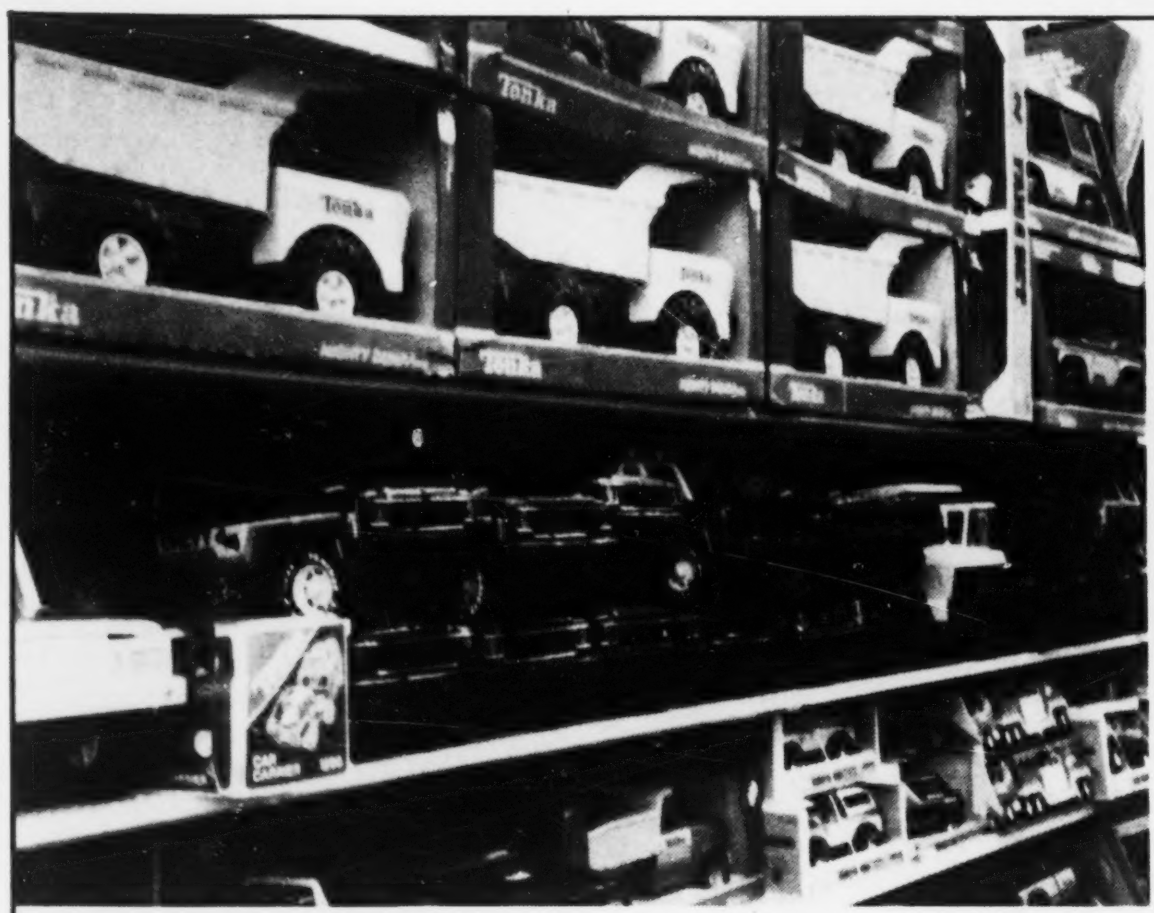
Working day and night! To get as much product to you as possible.

Gearing up for a big fourth quarter! With over 25% more advertising than last year including special TV and print campaigns for our DUPLO,™ FABULAND,™ and LEGO® lines.

LEGO

©1980 LEGO Systems, Inc. LEGO,® FABULAND,™ DUPLO,™ LEGOLAND,® Interlego A.G.

Board Games Advance, Add Shelf Space



Toy trucks are riding the wave of popularity of less expensive, durable basic toys. This Zayre in Chicago stacks a wide selection of Tonka trucks on its shelves. *(DSN photo)*

Consumers are turning more to toys such as board games and other basic items as sources of family entertainment. Rose's, Southport, N.C., creates a valley of basic toys. *(DSN photo)*

(Continued from page 110)

entertainment turned to such old-time favorites as Monopoly, Life, Clue and Scrabble. A Caldor merchandiser estimated that 12%-14% of the chain's toy shelf space devoted to board games produced about a fifth of the overall toy sales.

The category's relatively reasonable pricing and its high-quality image were other selling features. "In a time of energy problems, inflation and recession, board games are a good value, offering entertainment at a reasonable price," explained a spokesman for a leading manufacturer.

Plush Sales

The plush business surged for similar reasons. This category frequently outsold TV dolls and sometimes even outperformed non-TV dolls as well, according to Consolidated Toy's audit.

Buyers cited the category's appeal to a wide range of age groups, its gift image, and the influx of a variety of character lines this year as reasons behind the category's sales performance.

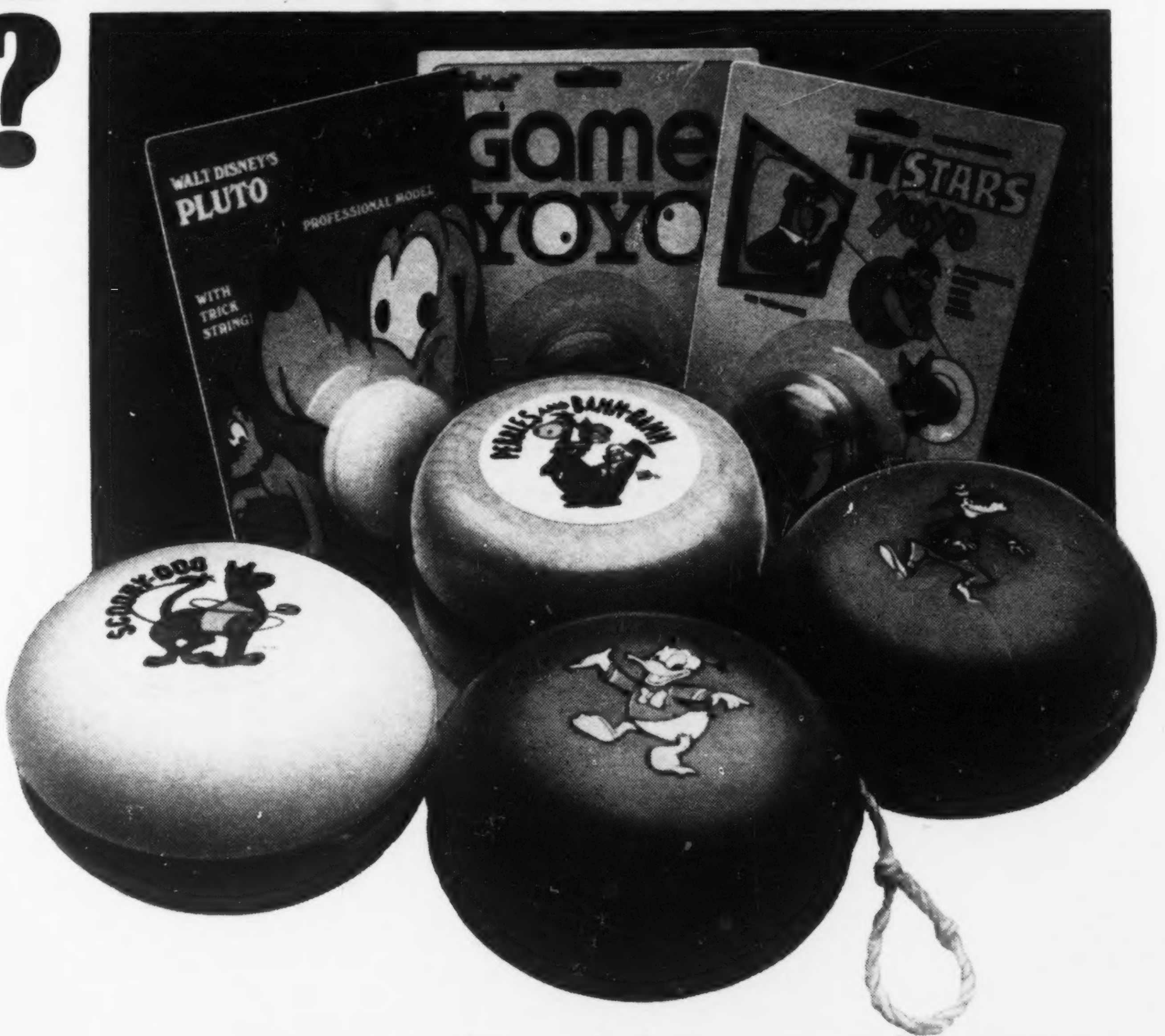
The trend toward basics had the most impact on the preschool area, which was dominated by long-popular items made by Fisher-Price and Playskool, buyers reported. Manufacturers' shipments of preschool toys rose 40% in 1979, according to Commerce Department reports. Bradlees and T.G. & Y. are among the chains reporting that preschool is one of their largest sales producers.

Wheeled Winners

Another price/value winner within toys was miniature wheel goods, where buyers singled out items made by Tonka, Nylint and Buddy L as the frontrunners in sales.

"The Tonka dump truck is the standard in this category," said a spokesman at David's, a 7-unit chain headquartered in Wichita, Kan., which recorded a near sellout in miniature wheel goods this year. "Sometimes a company gets a new license, but this is all that freshens up the category. Sales will continue to go up for us, if manufacturers keep a lid on price increases."

WHAT KIND OF CHARACTER HANGS AROUND WITH LITTLE KIDS?



As any yoyo knows, kids are smarter than grown-ups. That's why, if you want to hang around with kids, you've got to have character.

Look at Mickey Mouse and Donald Duck. Goofy. Pluto. And, Yogi Bear. Fred Flintstone. Pebbles and Bamm-Bamm. See?

If you're in the toy business, you've got to have these characters on your side. So we've put them on a line of yoyos for you, along with some fascinating, ball-in-the-hole Game Yoyos. And all you have to do is put them in your store. One thing is certain. They won't hang around with you very long.

Write for our free, color catalog. Union Wadding, Pawtucket, RI. 02862.

UNION WADDING

© Walt Disney Productions Inc.
© Hanna-Barbera Inc.

Electronic Games Hurt by Supply Problems

Buyers hope to draw year-round toy sales with high-quality basics that have family appeal. This Caldor, in Middletown, N.Y., devotes backwall space to model sets and accessories. (DSN photo)

Electronic games continued their runaway sales growth this year, but price hikes (up 10%-20%, according to manufacturer estimates) and lingering supply problems had buyers proceeding with caution as they selected their toy lineups for the coming season.

"This could be the year when a lot of people get burned on electronics," warned Gary Jackson at Magic Mart. He and other buyers saw price points as the critical factor in stocking patterns this coming year, as a flood of new low-end knockoffs vie with step-up newcomers for consumer dollars.

Buyers added that the consumer shift away from expensive TV toys would sharply effect electronic game sales.

In response, many buyers—including those from Hecks, ALCO, Caldor and T.G. & Y.—have honed down their electronic toy selection to better prepare toy departments for this shift in attitude.

Supply shortages which dampened electronic sales last Christmas are predicted again for this season. Toy manufacturers reported continued difficulty in getting supplies of vital computer chips.

A spokesman at Texas Instruments, a major chip supplier pointed to an "explosion in demand" as one reason this company couldn't keep up.

"We can't respond to the problem as rapidly as we'd like to," said the spokesman. "Our supply of chips will hold steady in 1980. We hope that things will be under control late this year or in early 1981."

Many buyers have chosen to support the nationally advertised name brands this season. Bob Binder at Jefferson Stores spurned off-brand products in favor of running with Bradley, Mattel and Coleco.

Woolco and Caldor were among the chains that also shied away from knockoffs. "We decided not to go with the knockoffs," said a Caldor's merchandiser. "We don't think the customer wants games they haven't seen on television. They are simply not willing to make a $25 investment in a product they don't know."

Consumer resistance to high-ticket electronic games convinced many buyers to select items in the medium to low-end price ranges. Bradlees, for instance, switched from a selection of very strong promotional and higher everyday prices to a selection of items with low everyday prices.

Taking note of the growing consumer interest in at-home entertainment, discounters have also leaned toward electronic games that appeal to a wide variety of age groups—and to both boys and girls.

ERTL adds Action.

Added action means added play value for kids, added sales for toy dealers. That's why ERTL's new Action Collections are sure to please.

The Richard Petty Race Set has added action in a motorized replica of Petty's championship race car that speeds down the straightaway of any backyard track—and zooms up the ramp of its own customized trailer when the race is won.

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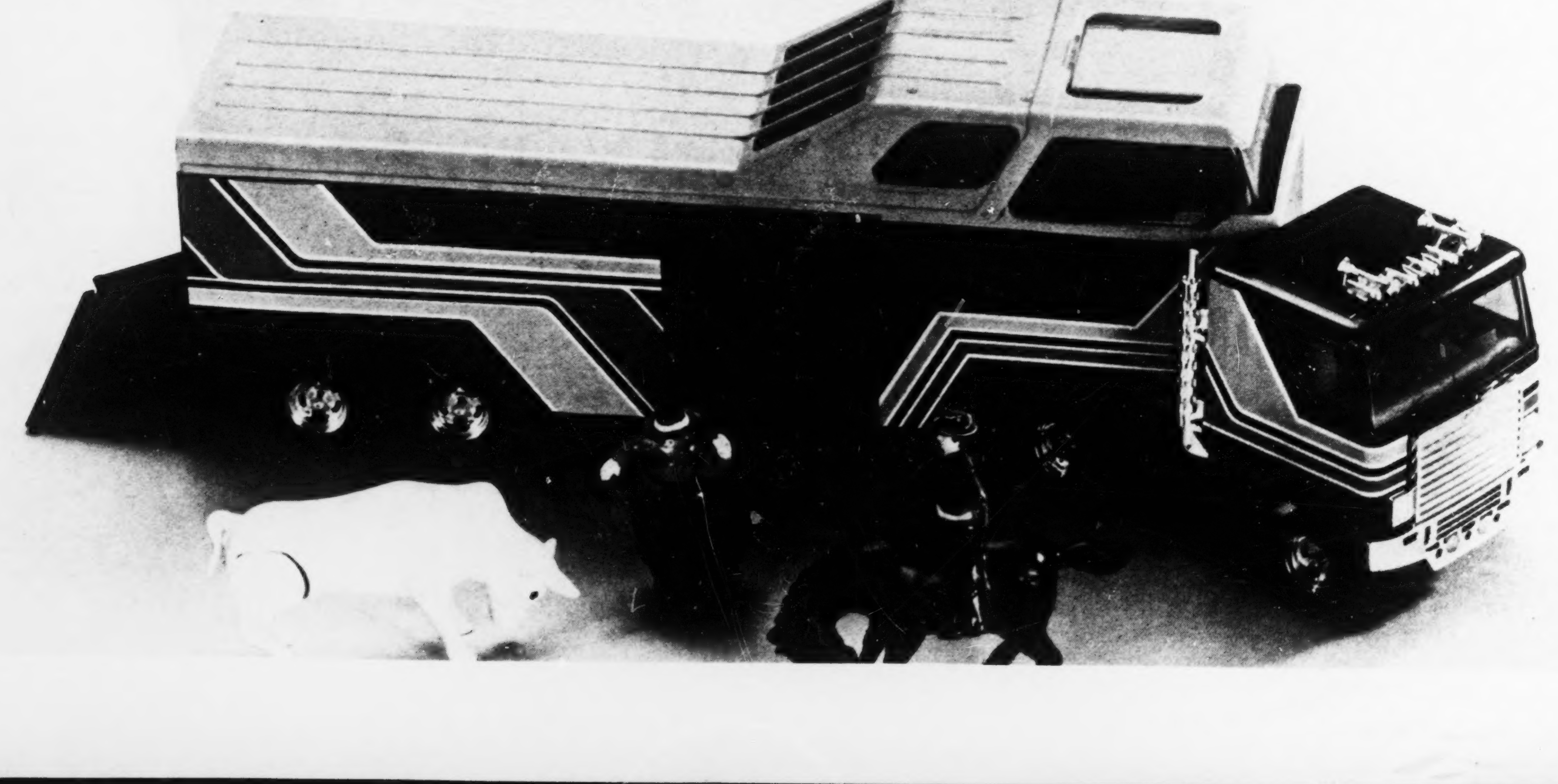

Children's Wear

(Continued from page 80)

higher-priced garments.

"We're not concentrating on promotional items as much," said Gold Circle buyer Darlene Jenkins. "The whole children's wear category is being shifted upgrade."

Rather than dropping low and median price points, she is building up the high-end to attract consumers shopping for a fashion look.

"If the look is right, they'll buy it," she said, "although retail price points are up between $1 and $3 on some dresses. At the same time, our customers are becoming more quality-conscious," she added.

What customers are buying their children is the western look in denim apparel and some preppy styles in corduroy or denim jumpers. In dresses, they are shopping for more detail and better fabrication, so Gold Circle's department features fewer polyester dresses and more wovens, plaids and prints.

Upstairs brands, as at most chains, are influential, but not key, items.

A Wrangler denim program recently added to boys' wear may be added to the girls' department, as well.

Brand names, however, are not synonymous with quality, and price incentive is still an important consideration.

"I can't see our customer paying more for name brand underwear when we have an equally good private label product," said Gold Circle's Jenkins.

"Fashion label status is not as significant for children's as for other categories," Paul Marus, merchandise manager at Magic Mart, said. Although Magic Mart's customer base is in rural markets, brand names do outline a trend to quality for the chain, where 25% of children's wear business comes from the Levi's program.

"Quality and newness are more important than price in tops," Marus said, "but quality and price are the key features in jeans."

In girls', the key fashion factor is preppy; in boys', it's western.

A new emphasis on knits means higher costs, but wovens and velours are bought to answer demand, he said.

Teenagers Move Up to Gold, Gold-filled Items

(Continued from page 108)

their jewelry mix.

The unit movers at Woolco, according to buyer V. R. Catts, are the light-weight, 15-in. 14-karat gold chains keyed at price points from $12 to $24. Catts foresees gold-filled jewelry sales outpacing those of 14-karat gold in the near future. In light of this trend, Caldor buyers replaced high-ticket gold jewelry with 18-karat gold-filled pieces.

Caldor reported that gold unit sales were down 25%-30% although dollar volume was running forward.

Still, buyers insisted that high-ticket gold jewelry had its place among jewelry selections. Woolco, for instance, offers two 24-in. necklaces ranging between $250-$300 to "add spice to the department" and to give customers items with which to make price comparisons against lower-ticket gold pieces, said buyer Catts.

Costume jewelry continued its downward curve for most chains as teenage customers moved up to gold and gold-filled jewelry. Sales of brightly colored lacquered and metallic bead necklaces, and motifs in sets have somewhat perked up costume jewelry's sluggish performance, buyers said.

The upscaled discounters who are in hot pursuit of the high-end jewelry business foresee continued growth in the diamond and gemstone market.

Gee Bee buyer Stanley Fass predicted that small semi-precious stones and chip diamonds in small earrings under $20 would be important to the health of the chain's jewelry department. Currently costume jewelry pulls in 10% more volume but Fass sees low-end fine jewelry taking over.

Jewelry
Cosmetics
MUSIC CEN

Top unit performers in Woolco's jewelry department are the lower-ticket gold and gold-filled chains. The department in a Philadelphia Woolco is shown here. (DSN photo)

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Electrics

(Continued from page 79)

bates to draw customers.

A Zodys executive explained that the chain will be promoting more this fall and will use rebates to focus on key price points that should attract shoppers.

"Everybody is on the rebate bandwagon," an ALCO merchandiser said, adding that rebates help sales only when they are "meaningful $5 and $10 offers. The $2 ones I think are questionable in their sales impact."

A Heck's merchandiser cited such basics as blenders to $40, toaster-ovens to $50 and stand mixers and food processors to $60 as strong sellers. Hot air popcorn makers around $25 were noted by a T.G. & Y. buyer as the only fad-type small appliance that has maintained sales strength.

Promotions featuring sharp prices for basic electrics that have drawn shoppers include can openers at $10 at A-Mart, irons at $10 at Gold Circle and drip coffeemakers at $20 at Nichols.

New and higher-priced electric housewares are being merchandised very gingerly by discounters.

Target has maintained its microwave oven business, a merchandiser reported, but noted that models in the $300 range were moving best, with most of the business coming from promotions. The discounter is offering two convection ovens to show shoppers it's into this category, but the merchandiser explained: "I think convections are where microwaves were five, six years ago. I really don't expect them to be a large market for discounters this year."

The greater demand for low- and mid-priced electrics, together with the need to promote more to generate sales, has forced a growing number of discounters to revamp their buying system to make electric housewares a more profitable area.

The key change for many discounters is stepped-up use of distributors. A Magic Mart executive explained: "The distributor program produces better inventory controls, so we can maintain sales on a lower investment."

Discount Store Census '80/'81

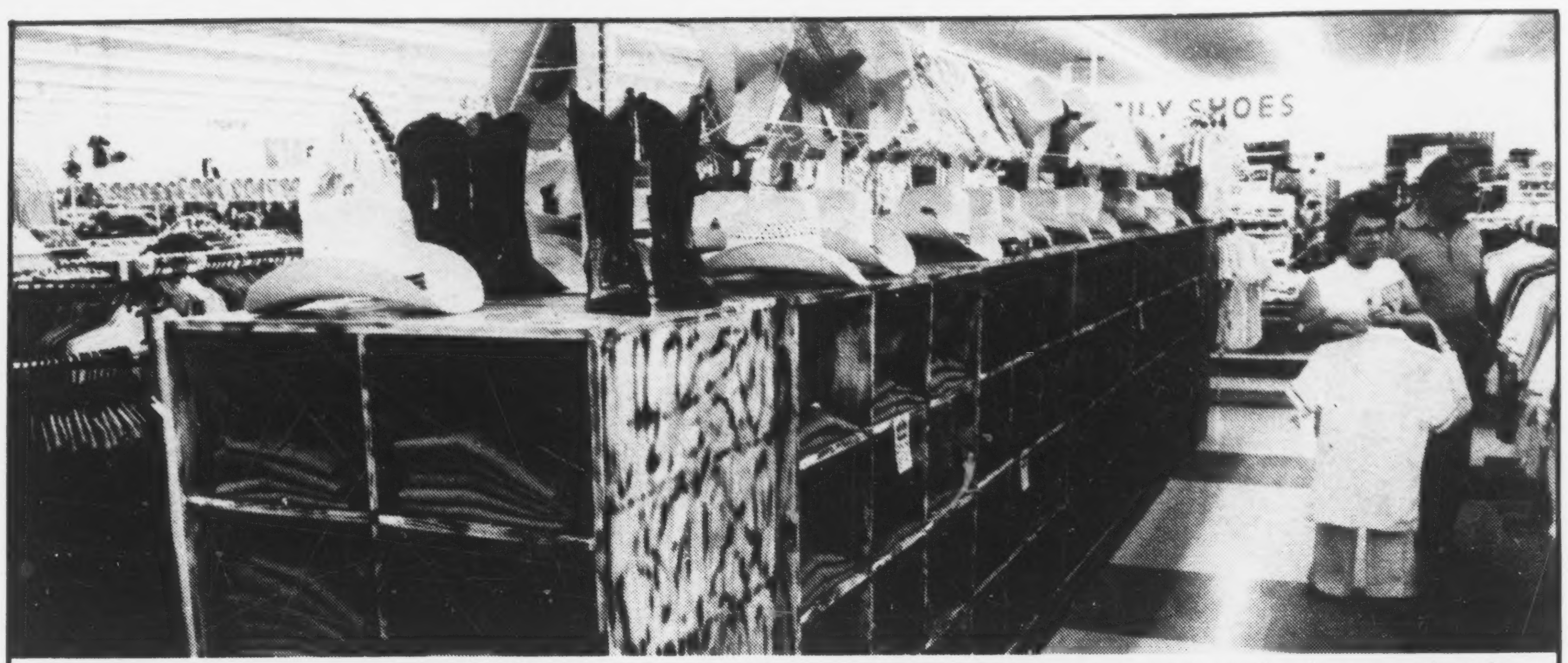
MEN'S & BOYS' WEAR

Men's & Boys' Wear

BOXSCORE

Discount Store Sales	$5.3 billion
Sales per Store	$682,210
Department Size	7,560 sq. ft.
Annual Sales per Sq. Ft.	$90
Annual Turns	3.7
Initial Markup	41%
Gross Margin	35%

Display Spurs Western Wear



Western wear, long a staple in Wal-Mart's men's wear departments, got added display emphasis at the chain's new Beldon, Mo., store, where the category is coordinated to promote a "total look". *(DSN photo)*

Western wear is not as wild a success as some men's and boys' wear buyers projected, as presentation seemed to take as strong a role in roping in sales as did the merchandise itself.

The cowboy craze turned out to be an off-and-on business overall, but was most visible in the dominant denim theme already in the stores.

Buying, which was marked only by cautious steps into trend areas, was instead boosted by a new emphasis on upgrading the presentation of basic items.

Even when buyers had opportunities for "buys," they often held back while manufacturers dealt hard to lighten heavier than usual stocks of in-season goods.

Basics filled the bill for the continuity theme buyers were after. Innovative or revamped merchandising strategies and fixtures targeted trade-up customers and created a more sophisticated shopping environment.

As in ladies' and girls' apparel categories, better quality construction and fabrication in cotton, wool and suede fabrics, for instance, were stressed for men's wear within this atmosphere.

Men's wear, long a well-developed category at Bradlees, got a facelift when unit sales started to recede. Dramatic displays were created to attract the young, free-spending shopper, a spokesman said. Plexiglas cubes and smoked Plexiglas divider walls were installed for a department-store look.

Gold Circle also did a variation on this theme and used Plexiglas and chrome cubes to display men's shirts.

Obtaining designer-label jeans was less important in men's than ladies' wear, but stocking national brands became very important, as did stocking better quality private label goods.

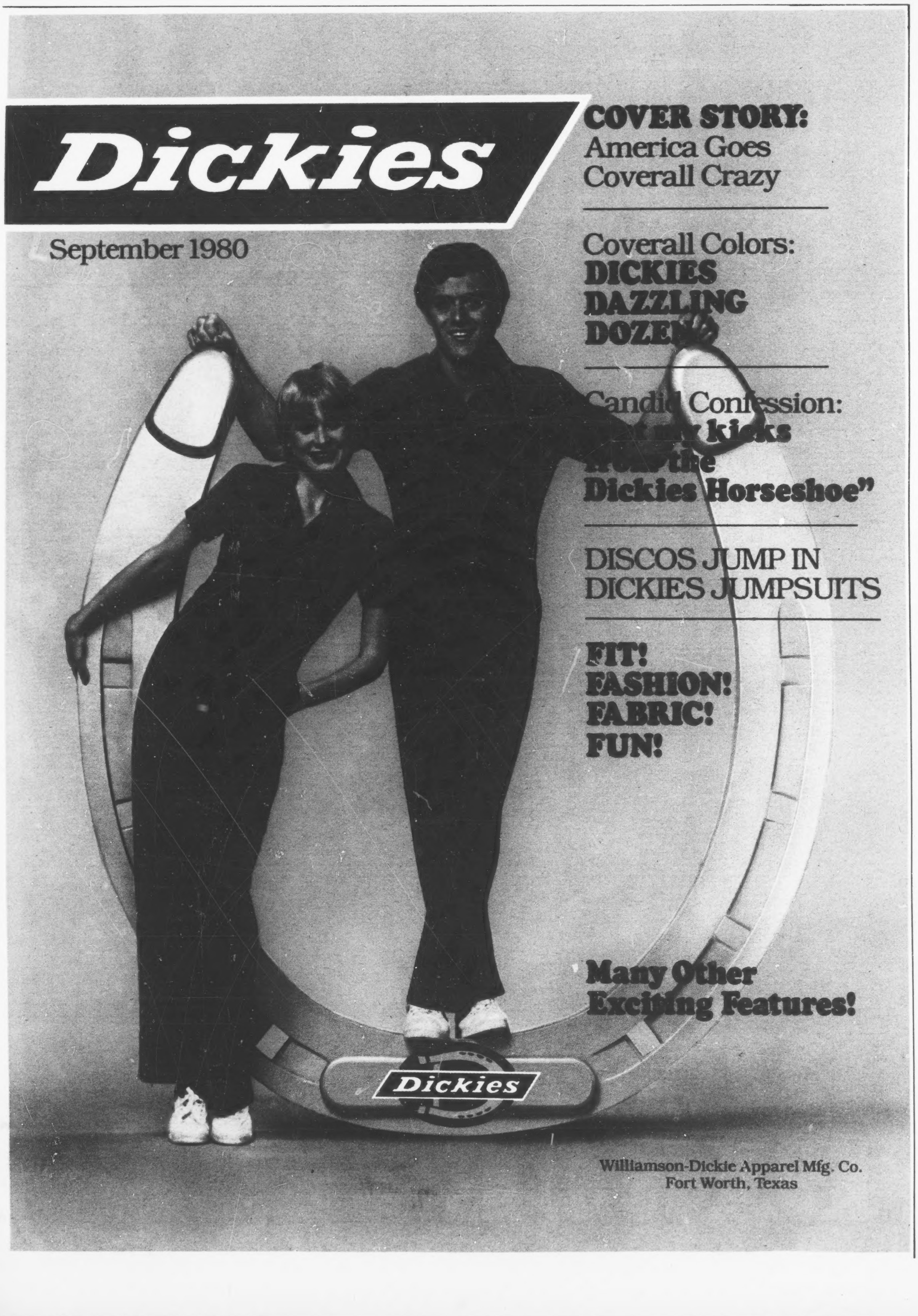
For instance, Bradlees made a special buy of Van Heusen, a line carried regularly by some discounters. In pants, 25% of men's jeans are Wranglers.

Inventory at Maxway, the new discount arm of Mack's variety stores, includes Arrow shirts. The chain also followed customer fashion dictates with a Western-motif section in the men's department.

Venture sectioned off an area for trend apparel under newly devised fashion photo signs reading "Way Out Western."

New replaced old at Roses, too, where contemporary T-bars and waterfall risers now take the place of display tables.

(Continued on page 119)



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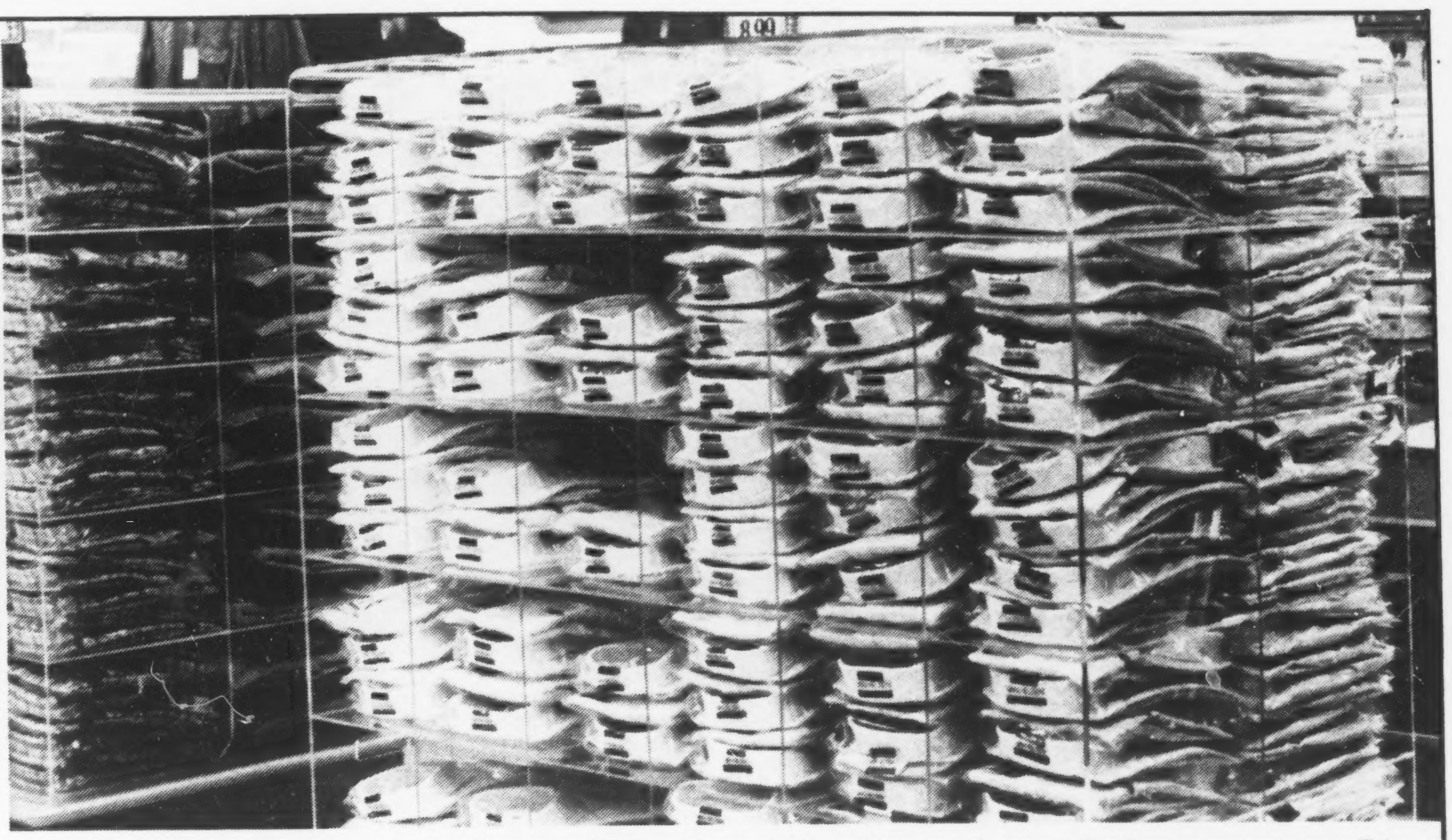
Dramatic Displays Aimed to Attract Free Spenders

Gold Circle uses fashion (Plexiglas) cubes along the aisle of the men's wear department in its Columbus, Ohio, store so that fabric and color grab customer attention. *(DSN photo)*



Men's wear buyers turn to better-quality basic merchandise and upgraded presentations. Displays like these Plexiglas boxes maximize the cube for Bradlees, Kingston, Mass. *(DSN photo)*

(Continued from page 118)

While basics in men's and boys' apparel are the rule at the family chain, updated presentation techniques are also at work here, to attract new customers and to keep the look of the department on a par with the better-quality, higher price point merchandise now in stock.

Personal Care

(Continued from page 88)

ness, a Zodys executive said, indicating the strength of all types of products geared to hair care.

The weak economy has made price more important than ever, a Jefferson merchandiser asserted. He attributed the comeback of hardhat dryers to the longer life of this product compared with styler/dryers, which makes these dryers a better value for consumers.

A Pamida merchandiser added that the use of rebates for personal care appliances is much greater as shoppers take advantage of the savings offered by manufacturers.

The huge number of rebates being offered for personal care appliances means that discounters will be relying heavily on personal care electrics as promotional goods.

Rebates, a Zodys merchandiser explained, allow the chain to promote an item at the sharp price it wants in an ad.

A Heck's merchandiser added that curling brushes lend themselves to promotions at other seasons besides Christmas. "We promoted them last month as a back-to-school item," he said.

While discounters are focusing on hair-care appliances as the bread-and-butter merchandise in personal care electrics, they are also including other items to present a complete—and more profitable—assortment.

A Gee Bee merchandiser explained that adding such specialty personal care items as heating pads and massagers in the fourth quarter expands the category's potential for gift giving use. The additional items often carry higher margins than hair-care items so that the increased offering produces more profits than just a basic mix.

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Nonstick Cookware Is the Hot Staple

(Continued from page 105)

units.

- Home decor. Zodys and Hills are prime examples of discounters that have combined modular furniture with such accessory items as pictures, frames and mirrors and even fringe goods such as artificial flowers to develop a home decor area.

Bradlees has followed a slightly different path by positioning lamps, a tight offering of KD goods and accessories adjacent to domestics so that the total presentation is a home furnishings area.

Heck's, on the other hand is trying to develop modular furniture as a growth classification within housewares. The discounter first bought KD merchandise for promotional use and is now experimenting with selected items as staple goods by spotting them adjacent to pictures and domestics to present a home decor look.

- Nonstick coated cookware. This is the hot staple housewares with customers preferring bulk goods and lower-priced sets due to the economy. A Jamesway merchandiser reported that the sales gains for traded-up, nonstick coated cookware were double those for regular cookware, and that open stock was the strong seller.

The growth in nonstick coated cookware has impacted sales of high-end stainless steel and aluminum cookware, a Magic Mart executive asserted. The discounter will concentrate its cookware efforts on nonstick coated goods priced to $40, rather than the regular uncoated stainless steel and aluminum sets that retail from roughly $50 to $54.

A Bi-Mart buyer added that customers are trading down from the regular cookware, but that many consumers started out with this merchandise before the traded-up, nonstick coated goods were available, and are continuing to add open-stock items. Discounters are locked into carrying this merchandise, he said.

- Corning Ware. Rangetoppers, the metal-clad Corning Ware line introduced earlier this year, and available only on the West Coast, has had a weak impact due to its high price and failure of the manufacturer to differentiate the merchandise from regular Corning Ware, discounters reported.

A G. C. Murphy merchandiser noted that regular Corning Ware has maintained steady sales gains due to the introduction of new items and the merchandise's position as a gift line for brides.

An A-Mart executive said that Corning Ware appealed to a different market than did metal cookware. Corning Ware movement has to be watched closely, he added, to avoid inventory build-ups for patterns that don't move.

- Microwave accessories. This is a sleeper category that is expected to get more play as the sale of microwave ovens continues to grow. The Murphy merchandiser said the discounter plans to step up its advertising of microwave accessories, including possibly running a promotion after Christmas geared to homemakers that received microwave ovens for Christmas.

The Magic Mart executive explained that shoppers generally consider microwave accessories as gift items so that the merchandise peaks at gift-giving time.

- Plastics. This is a strong area, particularly as promotional merchandise, a Matco merchandiser noted. Almond and chocolate are the key colors and more merchandise is being offered in these shades.
- Tabletop. This is a fashion area in which designs and patterns are important, and which has Corelle, Expressions and ironstone as the volume sellers.

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Records & Tapes

(Continued from page 84)

ers, are country Western and long-time pop favorites like Jackson Brown, Michael Jackson and even Elton John.

Some dealers said they are optimistic the increasing popularity of nondisco music will lead a significant number of customers to high-ticket items.

Several buyers pointed to the recent success of "Urban Cowboy," which had been near the top of the charts for three months and retails for $15.98.

"It looks like we're going through a change in music, and that should be good for us," explained an executive with Lieberman Enterprises, which serves 1,400 stores, including many discounters.

Buyers said the record and tape market began going bad in June 1979, as inflation cut disposable income and the skyrocketing prices of petroleum-based vinyl pushed price points up to $7.98, and then to $8.98.

The most recent increases came several months ago, discounters said, when most major record producers tacked a 4% hike onto the wholesale cost without increasing the suggested retail price.

An ALCO official said most discounters apparently have absorbed the increase by reducing margins, but are starting to pass the increased cost onto customers.

Also contributing to the poor sales, they said, has been a lack of new releases from major stars and groups, and a rise in amateur pirating of music.

Another factor was disco, which swept the country by storm about four years ago, but never created the expected sales.

Nancy Krajewski, a buyer for the Wisconsin-based Copps chain, said many discounters thought disco would be much bigger than it turned out to be because of the initial success of "Saturday Night Fever."

Lieberman's Anthony Cornieo said the failure of disco was partly the fault of the promoters, who scheduled far fewer tours and media campaigns than they had for other kinds of music.

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Now Arnold Friedman's name has been added to this distinguished list, and, we agree, he is an apt choice.

But Mr. Friedman's contribution to publishing stems from an even deeper commitment to retailing. From the very beginning, when he introduced *Chain Store Age* in 1925, he has been keenly aware of the importance of the retail community to the American way of life, and he was among the first to understand the influence the business press could have upon that community. Today his publications are addressed to the establishments which represent over 70% of the goods and services sold in the United States. The people who run these businesses have been noticing what Mr. Friedman has been saying for a long time.

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Color and Style Set the Pace in Glassware

BOXSCORE

Glassware	
Discount Store Sales	$385 million
Sales per Store	$49,775
Department Size	600 sq. ft.
Annual Sales per Sq. Ft.	$83
Annual Turns	4.2
Initial Markup	42%
Gross Margin	37%

FedMart, Torrance, Calif., merchandises glassware as a housewares fashion category by spotting a gondola of prepacks and boxed glassware adjacent to giftware and home decor (rear wall). *(DSN photo)*

Fashion continues to be the major selling factor in glassware, with colors and styles reflecting trends in tabletop merchandise and in the tones that have become important in other housewares categories.

Pressures from the economy, however, have cracked fashion's domination—price and promotion are now coming to the fore.

A Danner's 3-D merchandiser summed up the situation by noting the discounter will rely heavily on 4-packs around $5 as featured merchandise to draw shoppers.

The importance of price as an indicator of value was noted by a Times Square Stores merchandiser who pointed to 24-pc. sets at $10-$12 as strong sellers all year, with sharp sales peaks evident in June just before the summer vacation and outdoor entertainment period and in October-November for Christmas partying.

The fashion interest remains strong, a Nichols executive added. Sales of higher priced bulk glasses and sets are only possible, he explained, using traded up domestic or imported merchandise in which clean lines and the newest colors are evident.

A Zodys merchandiser asserted that merchandising glassware as fashion ties in with consumers' interest in getting away from the sterile basic housewares look. It's part of the same trend that has boosted sales of all types of home decor merchandise, the merchandiser added.

Merchandising glassware as part of the lifestyle area that includes tabletop goods and other home decor merchandise has helped to boost glassware sales in the face of the weak economy, a Hills merchandiser said.

The Danner's 3-D merchandiser added that playing up fashion was an important element in promoting glassware. He explained that ads and displays have to make customers aware of how glassware relates to the total look a consumer wants in his or her home; price without this fashion factor won't generate the maximum response to a promotion.

Discounters' upbeat outlook for glassware in spite of the economy is reflected in industry sales, which should hit $385 million, a 10% increase.

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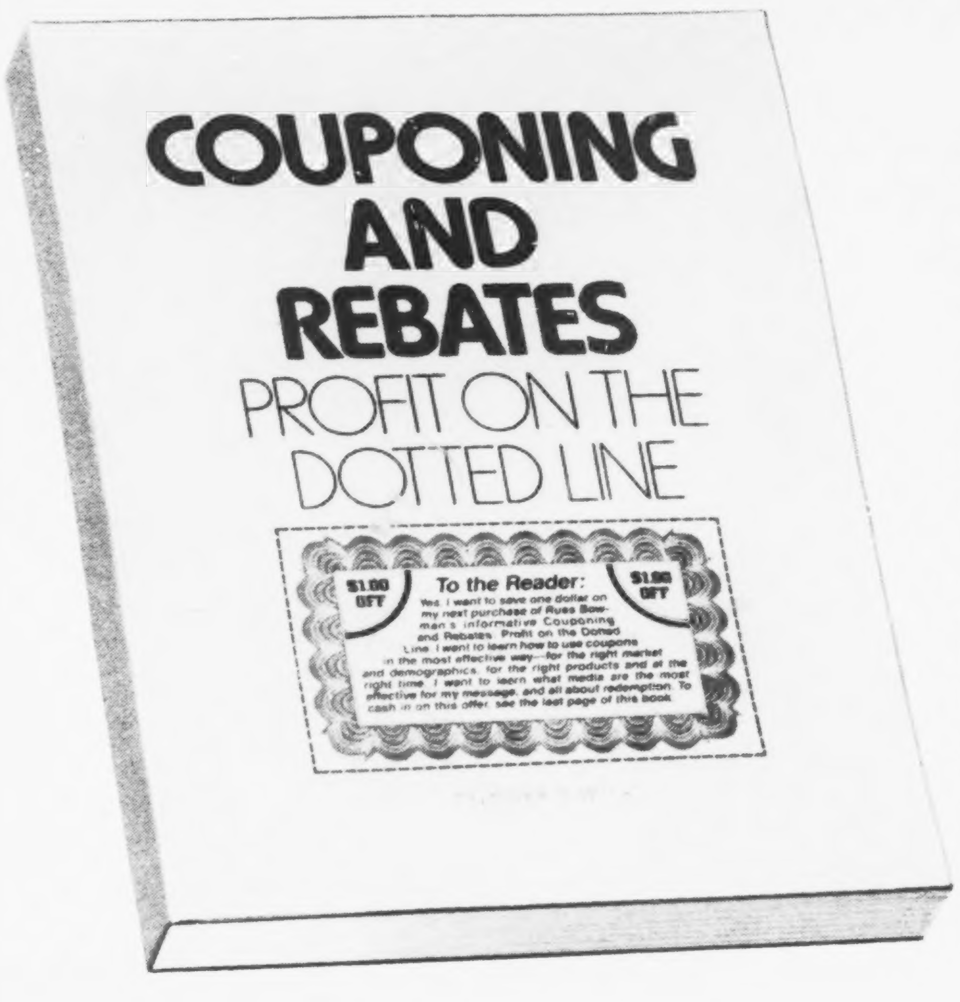

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HEALTH & BEAUTY AIDS

Discount Store Census '80/'81

Home Perms, Ethnic Items Win Shelf Space

BOXSCORE

Health & Beauty Aids

Discount Store Sales	*$3.6 billion*
Sales per Store	*$465,356*
Department Size	*2,240 sq. ft.*
Annual Sales per Sq. Ft.	*$208*
Annual Turns	*4.3*
Initial Markup	*30%*
Gross Margin	*25%*

beauty aids
appliances
candy
lamps

Hills, Buffalo, N.Y., spotlights its growing skin care products category with this endcap display. The display leads a gondola run of nail and fragrance items. (DSN photo)

A handful of categories has given health and beauty aids a sales boost this year, winning extra shelf exposure and additional sku's at a time when buyers are trimming other merchandise areas.

H&BA also reaped rewards from discounters' promotional efforts as consumers grew increasingly price conscious in their purchases.

Home permanents were among the "boom categories" that received more space on discounters' shelves. The category grew this year as ammonia-free Rave, the industry leader, faced stiff competition from Gillette's Lightwaves (another ammonia-free soft perm). Other manufacturers will be entering the fray in the coming year.

Zodys, a division of Hartfield-Zodys, responded to the perm demand that "tripled and even quadrupled" sales this year by upping space allocation by 50% to 16 linear ft., said buyer Phil Lind. Fred Meyer's buyer Ellis Jones said a sales gain of 48% convinced him to expand the space allotment for perms from 7½ linear ft. to 10 linear ft. He expects a 40% gain next year.

Discounters who pursued the ethnic H&BA market this year found it to be one of the more lucrative in the business. R. L. Dillon, senior buyer at Woolco, reported that ethnic product sales doubled over the last year. At T.G. & Y., a distributor noted that ethnic H&BA sold at the rate of $88/linear ft./month in the first quarter of the year. The chain devotes 120 linear ft. to the category, he added. Later this year, the chain will be adding sections in more stores and possibly expanding the allotment in key stores, said buyer David Carroll.

Diet supplement and vitamin sales have grown as a result of new product entries and heightened consumer interest. This has prompted many chains to double the size of each section from 4 ft. to 8 ft. Wal-Mart's sales in this category rose 100% and the chain's buyer responded by tripling its space to 16 ft.

The popularity of skin treatments enjoyed by department stores in recent years has filtered to the discount level. Experts said its growth potential is secure, with the 35 to 44 age group expected to grow 42%.

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Pilferage Prevention

Scheduling Affects Detectives' Performance

By S. J. (Bob) Curtis

(Another in a regular series of articles on the prevention of pilferage by the former head of security of Lord & Taylor and J. L. Hudson. Mr. Curtis is a lecturer, consultant and author.)

Supervising Detectives: Part V (Conclusion)

Scheduling detectives is an art in itself. Some stores mistakenly think that July and August are such slow months of the year that it is best to give detectives their vacations in those two months. As a result, many discounters have thin floor coverage during two of the hardest-hit shoplifting months of the year.

Common sense doesn't always work in the field of store security. People don't seem to act the way we assume they'll act. We think, because we take our vacations in July and August, or because store traffic is slower during those two months, that shoplifting will be down. Not so.

After several years of careful study of shoplifting activity and case production we have found that July and August are top months for shoplifting thefts. Those are *not* the months to give detectives their vacations. It would be better if they took vacations in the spring or fall.

Why should July and August (particularly August) be periods of heavy shoplifting? We can't be sure of the reason but it is likely that the generation of positive ions in the air as a result of the city's heat is a major cause.

Crimes of violence, such as assault and murder, peak in August. Researchers have long associated the crime wave that hits public law enforcement people during the hottest months can be attributed to the generation of excessive positive ions in the air. The beneficial negative ions come around in the spring and early fall. They also follow gentle rains and cooler weather. The hot pavements and buildings of the city hold their heat after sunset during the summer and the cities never recover from this onslaught of heat which kills off the negative ions and leaves the air heavily ionized with harmful positive ions, day and night.

European scientists have for many years found a direct correlation between a high level of positive ions and high levels of crime. But, whatever the causes of increased shoplifting during July and August, the fact remains this *is* a critical period for store security.

Another critical period is the week following Christmas. Studies we did at the J. L. Hudson Company in Detroit showed consistently that more shoplifting apprehensions are made during the week following Christmas than in any other single week of the year. Yet some stores who add temporary detectives to their staff for the Christmas season often dismiss them shortly after Christmas. This is unwise. Hold them until after the first of the year. You'll have the case production to justify the added expense.

Store security directors are constantly seeking ways to increase the productivity of their floor detectives and one of the often overlooked ways to do so has to do with scheduling.

It is well recognized today that as a nation we are divided into two types of people in terms of our sleeping habits. Some of us are awake at the crack of dawn. At 6 in the morning we are eager to leap out of bed.

On the other hand many of us are as sluggish as a tired hound dog in the early morning hours. If we had our way we'd sleep until noon every day.

Now that first group, the early risers, are called "morning workers" and they are at their peak within a few minutes of waking up. Their energy and drive make them fireballs in the morning and early afternoon hours. By 3 in the afternoon, however, they start to run out of steam and by early evening they are yawning a bit and soon will be ready to hit the hay.

By contrast, those sluggards who love to cuddle in the soft warmth of their beds until noon are slow to get their juices running and don't know their own name much before 11 a.m. By 2:00 in the afternoon they are just beginning to hit their stride and by early evening they are reaching their peak of energy and drive that sustains them until midnight or long after. These are called "night workers" and when the morning workers are ready to hit the hay those night workers are just getting their second wind and are ready for partying, cleaning the house, or just plain hell raising.

Detective supervisors should talk with each floor detective about his or her sleeping habits, find out how much sleep the individual needs and whether the person is an early or late riser. Establish whether each detective is a "morning worker" or a "night worker." You can then effectively increase your shoplifting apprehensions by scheduling the early risers on your earlier work shifts and your late risers on the late-hour shifts.

At Hudson's we successfully increased detective case production by 38% with a simple scheduling change whereby we put early workers on the morning and afternoon shift and night workers on the noon to closing hour shift. You can make a similar improvement in your case production. A detective who is rested and energetic has the maximum ability to concentrate, and that's what detective production is all about.

It goes without saying that detective lunch and relief periods should be staggered so you have proper floor coverage at all times the store is open. When court appearances thin your staff, try to shift people so you have at least some floor security on hand.

When you can, try to schedule at least one detective to roam the selling floor a half hour before store opening and another one to remain on the selling floor for a half hour after closing. It is surprising how many shoplifting cases can be made during those periods. Customers leaving the store after closing are often tempted to shoplift because some of the overhead lights are off, casting shadows on the racks and counters. The floors are also fast being deserted by employees eager to get home. The potential thief feels safe and assumes the detectives (if any) have probably also left.

A similar situation exists shortly before store opening but in this instance it isn't customers who are a risk but the early working employees.

By using intelligence in assigning and in scheduling detectives the supervisor can stimulate the detective staff to higher levels of case production. Early and late workers will particularly respond to schedule changes that are more suitable to their sleeping and energy patterns. Try it, you'll like it!

Don't hire a thief.

Studies show that one out of every three job applicants is a bad apple—a potential thief with access to your money or valuables. The trick is to spot this bad apple before you hire him. NOT after he's stolen. Because for every thief you fire, you could hire another potential thief.

Traditional methods of screening people are outdated. Police checks, credit checks, etc., often don't tell the whole story.

But now there is a method that goes right to the heart of the matter—the Reid Report. An easy to administer, psychologically validated written test that determines the honesty and integrity of prospective employees. Acting on its results, companies have reduced their internal theft.

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THE OTHER KORVETTES
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"The Other Korvettes" (Fifth Avenue store) was to position the chain for the 80's. All it did, critics charge, was to confuse customers and destroy the hard lines image that had been so successful in the past. *(DSN photo)*

Korvettes' Final Closing Expected by Year's End

NEW YORK—It's the last hurrah for Korvettes.

The discounter, in winding down its business after 23 years, was set at presstime to reopen 29 stores, with 14 to close by Christmas after holding going out of business sales. Promotional sales are to be held in the other 15 units, which will remain open until the leases are sold.

See Editorial, Page 6.

The end of Korvettes, perhaps coming as soon as the end of the year, is seen by some as the fulfillment of a plan by the discounter's last owner, Agache-Willot, by which the French company would make a minimum investment in the chain to keep it in operation until such time as the stores could be sold for maximum value.

The minimum investment in Korvettes worked out as a "dis-investment," said one former top executive who was let go in one of Agache-Willot's massive layoffs. He added that many experienced executives left the company after meeting the new French owners and seeing how they operated. "Agache-Willot's people ordered you to do things, but weren't interested in the problems that resulted."

The general consensus of a number of sources interviewed by DSN was that Agache-Willot's minimum investment effort centered on cutting expenses by letting people go and by sharply trimming invento-

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Michael Sherman, vp, finance (l.) and Joseph Ris, chairman and ceo at a press conference they called to review the Schottenstein agreement. *(DSN photo)*

As Net Income %, Margins Drop

Smaller Chains Record Substantial Sales Gains

Nationwide DSN Report

Increasing promotion has reduced the average gross margin for small chains—those with volume under $100 million—by almost one-fifth from 29.6% to 24.1%, and brought downside pressure on their net income as a percentage of sales, down from 2.27% of sales to 1.9%.

But the tactic was successful in bringing substantial sales gains for the smaller chains, which last year had an average store volume of $4.3 million, up more than 50% from the previous year's $2.7 million.

In contrast to the smaller chains, those with volume in excess of $260 million have gained 19.2% in average sales volume per store (to $4,554,000 from $3,821,000), and midsized chains—those with volume between $100 million and $260 million—reported a 9.7% decline in the average, to $4,134,000 from $4,576,000 the previous year.

These are some of the findings in the National Mass Retailing Institute's 1979-80 study of 38 participating chains (2,376 stores) doing $10.1 billion in sales. The bulk of the information comes from 30 chains which have participated for two or more consecutive years, and which operate 2,019 stores. The same-store group generated 85% of the total sales of $10.1 billion.

The NMRI's 16th annual study, conducted by Cornell University, showed the overall net earnings to be 1.94% of sales, up slightly from the 1.92% recorded in the previous year. It was the fifth consecutive year in which the net percentage had increased since the 0.99% average reported in the 1974-75 study.

Continued improvement of the 38-chain group was evident in other operations areas as well.

Average store sales in 1979-80 rose to $4,432,000, from $3,968,000 reported for the previous fiscal period.

Average sales per square foot of selling space hit $96.83, compared with $84.21 in the 1978-79 period.

Middle-sized chains (those with $100 million to $260 million in volume) and large chains

(Continued on page 4)

Buyers Forecast a Good Season For Energy-Saving Merchandise

By Iris Rosenberg
Nationwide DSN Report

Energy conservation is still a household word, according to buyers around the country who undeterred by a flailing economy at presstime were moving a full inventory of energy-related products onto the selling floor.

While few chains group the items together in anything resembling an energy department, hardware buyers are giving more shelf space to the category. Although, in the case of weather stripping, they noted that consumers seeking to save on summer air-conditioning bills have turned a seasonal line into a year-round seller.

"As long as prices keep going up, people will try to find a way to save fuel and money," John Daugherty, Woolco's senior assistant buyer for home improvements, said, appraising the category's prospects.

The chain stocks weather stripping, caulks, insulation, set-back thermostats and the like, according to Daugherty, but stays away from fireplaces, wood-burning stoves and related equipment. In the tool department, wood-chopping needs are catered to with two mauls—a 3- and 5-lb. model—three axes and chain saws ranging from $69 to $250 (of which only 10% are electric).

The chain stays away from wood-chopping kits, log splitters—higher priced tools that D. C. Milner, chain hardware buyer, feels a Woolco customer would pass by. "We can't be all things to all people," he explained.

While lack of space or milder

(Continued on page 34)

FALL HARVEST OF VALUES
SHOP WITHOUT CASH
PAINT DEPT.
LAMP SHADES
GENERAL ELECTRIC
GENERAL ELECTRIC

S. E. Nichols tied a full assortment of energy-related products together earlier in the year and gave them center-stage treatment, here at the Greenville, N.C., store. *(DSN photo)*

Ohio Study: Rebates Have Most Appeal To Large, Young, Educated Families

KENT, Ohio—Rebates have the greatest appeal to younger, better educated, higher income and larger size families—the prime target of discount stores—according to a study of rebate use among consumers in three major Ohio cities.

These are the preliminary observations advanced by two university professors—Dr. Saeed Samiee of Kent State University and Dr. Roger L. Jenkins of the University of Tennessee—who conducted the pioneer study on the use of rebates among 480 families in Cleveland, Columbus and Cincinnati. At presstime, much of the raw data had not yet been analyzed.

The study also found that the lower the price of the item, the higher the rebates have to be.

While rebates have been extensively available in the marketplace for more than three years, only 39% of those surveyed said they had ever taken advantage of a rebate. Overall, both users and nonusers of rebates disliked having to fill out forms to obtain the money and said they felt manufacturers benefited more than they.

According to Samiee, the fact that only 39% of the re-

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